

BEFORE THE  
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE  
TO THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE  
ORGANIZED PURSUANT TO THE  
CALIFORNIA STEM CELL RESEARCH AND CURES ACT  
REGULAR MEETING

LOCATION: CEDARS-SINAI MEDICAL CENTER  
HARVEY MORSE CONFERENCE CENTER  
8700 BEVERLY BOULEVARD  
WEST HOLLYWOOD, CALIFORNIA

DATE: MARCH 16, 2007  
8:30 A.M.

REPORTER: BETH C. DRAIN, CSR  
CSR. NO. 7152

BRS FILE NO.: 77057

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1           LOS ANGELES, CALIFORNIA; FRIDAY, MARCH 16, 2007

2                               8:51 A.M.

3

4                       CHAIRMAN KLEIN:  ALL RIGHT.  WE ARE GOING TO  
5  CONVENE.  WE HAVE A QUORUM HERE, ALTHOUGH NOT  
6  NECESSARILY IN THE ROOM.  KIRK, COULD YOU INDICATE TO  
7  MELISSA TO COME IN THE ROOM.  MELISSA, WE ARE GOING TO  
8  CONVENE AND BEGIN WITH THE PLEDGE OF ALLEGIANCE THIS  
9  MORNING FOLLOWED BY THE ROLL CALL.  THE ICOC IS IN  
10 SESSION.

11                               (THE PLEDGE OF ALLEGIANCE.)

12               MS. KING:  RICARDO AZZIZ.

13               DR. AZZIZ:  PRESENT.

14               MS. KING:  DAVID BALTIMORE.

15               DR. BALTIMORE:  PRESENT.

16               MS. KING:  ROBERT PRICE.

17               DR. PRICE:  PRESENT.

18               MS. KING:  DAVID BRENNER.

19               DR. BRENNER:  PRESENT.

20               MS. KING:  SUSAN BRYANT.

21               DR. BRYANT:  PRESENT.

22               MS. KING:  MARCY FEIT.  MICHAEL FRIEDMAN.

23               DR. FRIEDMAN:  HERE.

24               MS. KING:  MICHAEL GOLDBERG.

25               MR. GOLDBERG:  PRESENT.

1 MS. KING: BRIAN HENDERSON. DAVID KESSLER.  
2 BOB KLEIN.  
3 CHAIRMAN KLEIN: PRESENT.  
4 MS. KING: SHERRY LANSING. GERALD LEVEY.  
5 DR. LEVEY: PRESENT.  
6 MS. KING: TED LOVE.  
7 DR. LOVE: PRESENT.  
8 MS. KING: RICHARD MURPHY. TINA NOVA. ED  
9 PENHOET.  
10 DR. PENHOET: HERE.  
11 MS. KING: PHIL PIZZO. CLAIRE POMEROY.  
12 DR. POMEROY: HERE.  
13 MS. KING: FRANCISCO PRIETO.  
14 DR. PRIETO: HERE.  
15 MS. KING: JEANNIE FONTANA.  
16 DR. FONTANA: HERE.  
17 MS. KING: DUANE ROTH.  
18 MR. ROTH: HERE.  
19 MS. KING: JOAN SAMUELSON.  
20 MS. SAMUELSON: HERE.  
21 MS. KING: DAVID SERRANO-SEWELL. JEFF  
22 SHEEHY.  
23 MR. SHEEHY: HERE.  
24 MS. KING: JON SHESTACK.  
25 MR. SHESTACK: HERE.

1 MS. KING: OSWALD STEWARD.

2 DR. STEWARD: HERE.

3 MS. KING: JANET WRIGHT.

4 DR. WRIGHT: HERE.

5 CHAIRMAN KLEIN: WE HAVE DR. FRIEDMAN WHO  
6 WENT OUT FOR JUST A MOMENT. I'D LIKE TO AT THIS TIME  
7 MOVE TO THE SEED GRANTS FROM THE LAST SESSION. AND,  
8 DR. HALL, IS THAT APPROPRIATE?

9 DR. HALL: YES.

10 CHAIRMAN KLEIN: AND PERHAPS TO SUMMARIZE, AT  
11 THE END OF THE LAST SESSION, ON TECHNICAL GROUNDS  
12 BECAUSE OF CONFLICTS AND DISQUALIFICATIONS, WE DIDN'T  
13 HAVE A QUORUM WHILE WE ACTUALLY HAD A QUORUM PRESENT  
14 PHYSICALLY. SO WE DID HAVE A VOTE ON TWO SEED GRANTS  
15 THAT WERE POSITIVE FOR FUNDING. THERE ARE PROGRAMMATIC  
16 RECOMMENDATIONS FOR FUNDING THAT CAME FROM THE WORKING  
17 GROUP, BUT WE NEED TO CONSIDER THEM IN THE CONTEXT OF  
18 THE WHOLE BOARD BEING PRESENT.

19 DR. CHIU, WOULD IT BE APPROPRIATE FOR YOU TO  
20 INDICATE WHICH GRANTS THOSE WERE FOR THE BENEFIT OF THE  
21 PUBLIC AS WELL AS THE BOARD?

22 DR. CHIU: IT WOULD BE VERY HELPFUL IF WE CAN  
23 SEE THE LIST ON THE SCREEN, AND THAT'S COMING RIGHT UP.  
24 SO I WILL READ FROM THE TOP DOWN OF THE ONES THAT ARE  
25 UNDER CONSIDERATION. AS I RECALL, LAST MEETING THERE

1 WERE TWO APPLICATIONS NUMBERED 77, WITH SCORES OF 77  
2 THAT WERE MOVED TO TIER 3, BUT NOT TOTALLY VOTED ON  
3 WITH A QUORUM. AND THOSE TWO WERE APPLICATION NOS. 387  
4 AND 157. AND THEN WHAT'S LEFT IN THE SEED GRANTS -- I  
5 MEAN IN THE TIER 2, THERE WERE TWO, IDENTIFIED --  
6 THAT'S WHAT I WAS LOOKING FOR -- IDENTIFIED IN GREEN ON  
7 THE SCREEN, ONE WITH THE SCORE OF 72 AND ONE WITH A  
8 SCORE OF 71 THAT WERE VOTED ON WITHOUT A QUORUM TO BE  
9 MOVED TO TIER 1, BUT THEY WERE NOT MOVED TO TIER 1 FOR  
10 LACK OF A QUORUM.

11 AND THOSE ARE ONE ON ENDODERMAL  
12 DIFFERENTIATION OF HUMAN ES CELLS, AND THE SECOND ON  
13 DEVELOPMENT OF HUMAN ES CELL LINES AS A MODEL SYSTEM  
14 FOR ALZHEIMER'S DISEASE DRUG DISCOVERY. THERE WAS  
15 QUITE EXTENSIVE DISCUSSION LAST TIME; BUT IF THE BOARD  
16 WOULD LIKE TO HEAR THESE TWO AGAIN, I'M SURE THE  
17 SCIENCE OFFICERS RESPONSIBLE WOULD BE HAPPY TO GIVE A  
18 BRIEF SUMMARY.

19 CHAIRMAN KLEIN: ALL RIGHT. LET'S FIRST  
20 DETERMINE IF THERE IS A MOTION TO CONSIDER APPROVAL ON  
21 EITHER OF THESE, AND THEN WE WILL HAVE A SCIENCE OFFICE  
22 SUMMARY, AND THEN WE WILL GO THROUGH OUR PROCESS. IS  
23 THERE A MOTION TO CONSIDER EITHER OF THESE?

24 MR. ROTH: I'LL MOVE APPROVAL OF BOTH.

25 CHAIRMAN KLEIN: DUANE ROTH, MOTION TO

1 APPROVE FUNDING ON WHICH ONE?

2 MR. ROTH: BOTH.

3 CHAIRMAN KLEIN: IF WE TAKE ONE AT A TIME

4 BECAUSE, WE HAD A NUMBER OF CONFLICTS ON EACH OF THESE,

5 WHICH ONE WOULD YOU BE PREFER TO START ON?

6 MR. ROTH: OKAY. TAKE 308 FIRST.

7 CHAIRMAN KLEIN: WE'RE GOING TO TAKE 308.

8 AND IS THERE A SECOND?

9 DR. PRIETO: SECOND.

10 CHAIRMAN KLEIN: DR. PRIETO. WHAT ARE THE

11 CONFLICTS, PLEASE?

12 MR. TOCHER: THAT'S FEIT, KESSLER, LANSING,

13 AND SHEEHY.

14 CHAIRMAN KLEIN: DR. CHIU, COULD YOU GIVE US

15 THE HIGHLIGHTS OF STRENGTHS AND WEAKNESSES HERE?

16 DR. CHIU: SO THIS IS JUST A SYNOPSIS OF THE

17 PROPOSAL. IT'S BY AN ACCOMPLISHED PRINCIPAL

18 INVESTIGATOR TO ADDRESS ISSUES RELEVANT TO THE

19 PRODUCTION OF INSULIN-PRODUCING CELLS FOR TRANSPLANT

20 THERAPY OF DIABETES. THE FIRST GOAL IS TO DETERMINE

21 WHETHER THE PROTOCOL THAT'S BEEN PUBLISHED FOR

22 GENERATING ENDODERMAL CELLS FROM HUMAN EMBRYONIC STEM

23 CELLS CAN BE REPLICATED AND IS APPLICABLE TO A WIDER

24 VARIETY OF HUMAN ES CELL LINES. SO THIS PROPOSAL WILL

25 LOOK AT, I BELIEVE, SOMETHING IN THE NEIGHBORHOOD OF 17

1 LINES TO SEE HOW REPRODUCIBLE THIS RECENTLY PUBLISHED  
2 APPROACH WOULD HOLD.

3 THE AIM ONE WILL BE TO EXAMINE WHETHER THE  
4 FOUR NIH APPROVED AND SIX UNAPPROVED HUMAN ES CELL  
5 LINES ACTIVATE DEFINITIVE, BUT NOT VISCERAL ENDODERMAL  
6 MARKERS EFFICIENTLY WHEN STIMULATED BY A COMBINATION  
7 OF -- AND I WON'T GO INTO PROPRIETARY DETAILS ABOUT THE  
8 PROCESS.

9 THE SECOND GOAL IS TO DISCOVER CULTURE  
10 CONDITIONS FOR EXPANDING THIS ENDODERMAL CELL  
11 POPULATION, A CRITICAL STEP IN ORDER TO PRODUCE THE  
12 NUMBER OF DIFFERENTIATED CELLS REQUIRED FOR TRANSPLANT  
13 THERAPIES. SO IN AIM 2 THEY WILL TEST WHETHER GROWTH  
14 FACTORS FOR COMMON DEVELOPMENTAL SIGNALING PATHWAYS CAN  
15 STIMULATE THE PROLIFERATION OF ENDODERMAL CELLS.

16 THE INNOVATION AND SIGNIFICANCE, WHILE THERE  
17 IS NO INSIGHTFUL STRATEGY DERIVED FROM AN UNDERSTANDING  
18 OF THE GROWTH OTHER THAN TO APPLY SEVERAL COMMON GROWTH  
19 FACTORS, THESE RESULTS ARE POTENTIALLY VERY SIGNIFICANT  
20 IN FURTHERING OUR ABILITY TO TREAT DIABETES.

21 THE STRENGTH IS THAT THE PROJECT IS BASICALLY  
22 A SCREEN OF, I GUESS, TEN LINES TO DETERMINE WHICH ONE  
23 CAN BEST DIFFERENTIATE TO ENDODERM. AND THE PI HAS  
24 MUCH EXPERIENCE WITH ENDODERMAL FORMATION. THE PI HAS  
25 WORKED TOWARD LIVER, GUT, AND PANCREAS DIFFERENTIATION,



1 SO THE BACKGROUND IS BROAD. MOST OF THE EXPERIENCE,  
2 HOWEVER, IS IN ZEBRA FISH SYSTEMS. THE MAJOR STRENGTH  
3 OF THE PROPOSAL IS THE OPPORTUNITY TO RECRUIT AN  
4 AGGRESSIVE EXPERIMENTER, REMEMBER THESE ARE SEED  
5 GRANTS, TO APPLY NOVEL PERSPECTIVES ON ENDODERM AND  
6 PANCREATIC DEVELOPMENT FROM THE ZEBRA FISH TO AN  
7 IMPORTANT THERAPEUTIC APPLICATION OF ES CELL  
8 TECHNOLOGY. AND THE COLLABORATORS ARE EXCELLENT, AND  
9 THERE ARE COLLABORATORS WITH STRONG BACKGROUND IN HUMAN  
10 EMBRYONIC STEM CELL RESEARCH.

11 METHODOLOGIES PROPOSED ARE STRAIGHTFORWARD  
12 AND DO NOT PROPOSE A PROBLEM. THE PROPOSAL IS  
13 THOUGHTFUL, AND THE PI HAS CONSIDERED POTENTIAL  
14 DIFFICULTIES AS WELL AS POSSIBLE OUTCOMES AND  
15 INTERPRETATIONS.

16 SO THE WEAKNESSES IS THAT THE UNDERLYING  
17 HYPOTHESIS IS NOT CLEAR. MORE RATIONALE AND MORE  
18 EXPERIMENTAL DETAILS ARE ASKED FOR BY THE REVIEWERS.  
19 THERE ARE MANY REFERENCES TO THE RECENTLY PUBLISHED  
20 PAPER AND PROTOCOL, BUT NO DETAILS ARE GIVEN IN THIS  
21 APPLICATION. IF THE PROTOCOL DOES NOT WORK ON THE  
22 LINES THAT ARE PROPOSED, THE PI DOES NOT PROVIDE  
23 DETAILS ON WHAT THE PI WILL NEXT TRY. PI STATES THAT  
24 THE PROTOCOLS WILL BE OPTIMIZED AND THAT THEY WILL TRY  
25 ALTERNATIVE STRATEGIES, BUT, AGAIN, NO DETAILS ARE

1 GIVEN. IN GENERAL, LACK OF DETAIL IN THE EXPERIMENTAL  
2 DESIGN.

3 ONE REVIEWER FELT THAT THE ABSENCE OF AN  
4 EXPLICIT EXPERIMENTAL PLAN FOR AIM 2, WHICH IS THE  
5 MULTIPLE GROWTH FACTOR APPROACH, IS A WEAKNESS.  
6 ALTHOUGH THE PI HAS ASSEMBLED A TALENTED STAFF AND  
7 COLLABORATORS FOR TRAINING AND ADVICE, SIMILAR WORK IS  
8 NOT CURRENTLY ONGOING IN THE PI'S LAB, AND THERE WOULD  
9 BE A SIGNIFICANT LEARNING CURVE FOR HUMAN EMBRYONIC  
10 STEM CELL CULTURE AND MANIPULATION THAT MAY DELAY  
11 INITIAL PROGRESS.

12 AND FINALLY, ONE COMMENT WAS THAT THE PI HAS  
13 ALLOCATED ONLY 5 PERCENT OF THEIR TIME ON THIS PROJECT,  
14 ALTHOUGH THEY WILL SUPERVISE ALL ASPECTS OF THE  
15 RESEARCH, AND THERE WAS SOME CONCERN THAT 5 PERCENT IS  
16 NOT SUFFICIENT A COMMITMENT.

17 SO THE PROGRAMMATIC REVIEW, IT STATES THAT  
18 DURING PROGRAMMATIC REVIEW, THIS PROPOSAL WAS  
19 RECOMMENDED FOR SPECIAL CONSIDERATION BECAUSE THE STUDY  
20 IS DIRECTLY RELEVANT TO THE SEARCH FOR BETA CELL  
21 REPLACEMENT THERAPY FOR DIABETES AND ALSO HAS  
22 IMPLICATIONS FOR DIVERSE DISEASES GIVEN THE SECOND AIM  
23 OF DEVELOPING CONDITIONS FOR ALL TYPES OF ENDODERMAL  
24 DIFFERENTIATION IN CULTURE. SO OTHER DERIVATIVE CELLS  
25 FROM ENDODERM WOULD BENEFIT FROM THIS STUDY IF

1       SUCCESSFUL.

2                   CHAIRMAN KLEIN:  THANK YOU VERY MUCH.  THIS  
3       IS AN ITEM ON WHICH THERE WAS 20 MINUTES OR SO OF  
4       EXTENDED DISCUSSION WITH ADDITIONAL COLLATERAL  
5       INFORMATION BEING RAISED FROM THE PEER REVIEW SESSION.  
6       BUT THIS IS THE OPPORTUNITY WITH THE FULL BOARD TO GO  
7       THROUGH ANY OF THAT AGAIN IF MEMBERS WANT TO GO THROUGH  
8       THAT AGAIN.  OBVIOUSLY WE'RE AT THE LEVEL HERE IN  
9       FUNDING WHERE THERE ARE A LOT OF TRADE-OFFS AT THE  
10      MARGIN.  SO IT'S THE PLEASURE OF THE BOARD.  ADDITIONAL  
11      BOARD QUESTIONS?

12                   (BOARD MEMBER LANSING ARRIVES.)

13                   CHAIRMAN KLEIN:  PUBLIC QUESTIONS?

14                   (BOARD MEMBER NOVA ARRIVES.)

15                   CHAIRMAN KLEIN:  BECAUSE WE HAVE A COUPLE OF  
16      ADDITIONAL MEMBERS WHO HAVE COME IN, COULD YOU REPEAT  
17      THE CONFLICTS, PLEASE.

18                   MS. KING:  BEFORE THAT, I'LL JUST NOTE FOR  
19      THE RECORD THAT TINA NOVA, SHERRY LANSING, AND BRIAN  
20      HENDERSON HAVE JOINED THE MEETING.

21                   MR. TOCHER:  THE CONFLICTS ARE FEIT, KESSLER,  
22      LANSING, AND SHEEHY.

23                   CHAIRMAN KLEIN:  I WANT TO NOTE THAT AT THIS  
24      MOMENT, THIS IS THE ONLY BOARD THAT I KNOW IN HISTORY  
25      THAT HAS BOTH AN OSCAR WINNER AND NOBEL PRIZE WINNER.

1 (APPLAUSE.)

2 MS. LANSING: THE GREAT THING ABOUT THIS IS  
3 THAT I HOPE THOSE OF YOU THAT SAW IT, YOU SAW THE BIG  
4 CIRM SIGN. THREE BILLION PEOPLE THAT SAW THAT, AND  
5 THAT WAS WONDERFUL.

6 CHAIRMAN KLEIN: ANY PUBLIC COMMENT? ALL  
7 RIGHT. WITHOUT PUBLIC COMMENT, I BELIEVE WE'RE IN A  
8 POSITION TO CALL THE ROLL.

9 DR. BALTIMORE: BOB, THERE IS ONE QUESTION  
10 THAT MIGHT BE WORTH ASKING. I AS WELL AS AT LEAST SOME  
11 OTHER PEOPLE WERE NOT AT THE PREVIOUS MEETING. THIS IS  
12 A GRANT THAT, AS DESCRIBED, AND AS I'VE LOOKED IN THE  
13 BOOK, IS BASICALLY TO REPEAT WORK THAT'S ALREADY BEEN  
14 DONE, BUT DO IT IN CALIFORNIA RATHER THAN WHEREVER IT  
15 WAS DONE BEFORE AND GIVE SOMEBODY THE EXPERIENCE OF  
16 DOING THAT. AND I FIND IT HARD TO PUT IT IN THE  
17 CONTEXT OF THE QUALITY OF THE OTHER SEED GRANTS; BUT I  
18 MUST SAY, ALTHOUGH THE AREA OF RESEARCH, THAT IS,  
19 DEVELOPMENT OF BETA CELLS, IS VERY IMPORTANT, THE  
20 AMOUNT OF IMAGINATION IN THIS GRANT SEEMS LIKE WELL  
21 BELOW ANY THRESHOLD THAT WOULD BE APPROPRIATE. BUT I  
22 HAVE NO SENSE OF THE CONTEXT.

23 CHAIRMAN KLEIN: DR. CHIU, COULD YOU  
24 SPECIFICALLY ADDRESS THIS QUESTION OF THE ISSUE OF  
25 INNOVATION? OR HOW IS THIS DIFFERENTIATED FROM PRIOR

1 WORK, A VERY IMPORTANT QUESTION OBVIOUSLY?

2 DR. CHIU: SO THE PAPER THAT IS ADDRESSED AND  
3 IT'S PUBLISHED, SO I DON'T FEEL UNCOMFORTABLE  
4 MENTIONING IT, WAS DONE BY A COMPANY IN CALIFORNIA.  
5 AND IT SEEMED PROMISING. AND, OF COURSE, AS YOU KNOW,  
6 SUCH PROMISING WORK NEEDS REPLICATION. SO THE VALUE OF  
7 THAT FIRST AIM IS TO REPLICATE THE MOST RECENTLY  
8 PUBLISHED WORK ON MOVING TOWARD AN ISLET CELL. THEY  
9 WILL BE USING A SOMEWHAT DIFFERENT SET OF HUMAN  
10 EMBRYONIC STEM CELL LINES THAN WAS ORIGINAL IN THE  
11 PUBLICATION. SO THE SECOND VALUE OF THE FIRST AIM, ONE  
12 COULD SAY, IS THAT THEY'RE LOOKING ACROSS MULTIPLE  
13 LINES AND SEEING WHETHER ALL LINES CAN DO IT. IF ALL  
14 LINES CAN DO IT, WHETHER SOME LINES CAN DO IT BETTER  
15 THAN OTHER LINES, AND TO VERIFY WHAT HAS ALREADY BEEN  
16 PUBLISHED BY THIS COMPANY. SO THAT, ONE COULD SAY, IS  
17 THE VALUE OF AIM 1 EVEN THOUGH IT'S DUPLICATIVE.

18 THE SECOND AIM IS SOMEWHAT DIFFERENT. I  
19 DON'T KNOW WHAT OTHER PEOPLE ARE CURRENTLY DOING, BUT  
20 THE SECOND AIM IS TO LOOK AT GROWTH FACTORS TO TARGET  
21 ENDODERM, AND THAT'S A BIT OF A BROADER AIM. SO THAT  
22 SUMMARIZES THE TWO AIMS OF THE SEED GRANT.

23 CHAIRMAN KLEIN: I THINK A LOT OF THE  
24 DISCUSSION DEALT WITH THE ENDODERM GENERATION. DR.  
25 PRIETO.

1 DR. PRIETO: I JUST FEEL LIKE I HAVE TO  
2 COMMENT THAT ALTHOUGH I UNDERSTAND THAT THE WORK OR THE  
3 ADVANCES THAT MIGHT COME OUT OF THIS WORK ARE  
4 INCREMENTAL, THIS IS A VERY TALENTED GROUP OF DIABETES  
5 RESEARCHERS. AND THE SIGNIFICANCE OF MOVING THAT BALL  
6 FORWARD WOULD BE TREMENDOUS, AS YOU ACKNOWLEDGED. I  
7 WOULD VERY STRONGLY SUPPORT THIS.

8 CHAIRMAN KLEIN: DR. CHIU.

9 DR. CHIU: MAY I MAKE ONE MORE POINT, AND  
10 THAT IS THE INVESTIGATOR HAS A STRONG BACKGROUND IN  
11 SCREENING AND IN THE ZEBRA FISH SYSTEM OF LOOKING AT  
12 ENDODERM. AND WHAT WAS STATED IN THE SEED GRANT RFA,  
13 IT'S ALSO TO BRING PEOPLE FROM OTHER BACKGROUNDS TO  
14 LOOK AT HUMAN EMBRYONIC STEM CELLS. AND IN THAT  
15 RESPECT, IT FULFILLS ONE OF THE AIMS OF THE RFA.

16 CHAIRMAN KLEIN: OKAY.

17 DR. STEWARD: I WONDER IF IT WOULD BE  
18 APPROPRIATE TO ASK THE OUTCOME OF THE, LET'S CALL IT,  
19 STRAW VOTE FROM LAST TIME? AND I'M ASKING THAT BECAUSE  
20 IT WAS A VOTE HELD IN PUBLIC SESSION. THAT INFORMATION  
21 WAS AVAILABLE TO THE APPLICANTS, AND I THINK WE DID  
22 SPEND QUITE A LOT OF TIME TALKING ABOUT THIS  
23 APPLICATION LAST TIME.

24 CHAIRMAN KLEIN: I THINK IT WAS A VERY CLOSE  
25 VOTE, BUT IT'S IMPORTANT. WHY DON'T WE TELL WHAT THE

1 INDICATION WAS.

2 MR. HARRISON: THE VOTE WAS SEVEN FOR, SIX  
3 AGAINST, WITH ONE ABSTENTION. IT DID NOT CARRY BECAUSE  
4 WE NEEDED A QUORUM OF 16, WHICH WE DIDN'T HAVE.

5 CHAIRMAN KLEIN: A QUORUM AFTER CONSIDERING  
6 DISQUALIFIED VOTES AND VACANT SEATS. OKAY. ANY  
7 ADDITIONAL QUESTIONS OF DR. CHIU? ADDITIONAL PUBLIC  
8 COMMENT? DON REED.

9 MR. REED: I HAVE NOT STUDIED THIS. I HAVE  
10 NO COMMENTS ON THE MERITS OF THE PROPOSAL, BUT I'VE  
11 JUST BEEN READING A LOT ABOUT THE INCREASED  
12 INTERNATIONAL NATURE OF DIABETES. AND IT SEEMED LIKE  
13 IF THIS SHOWS ANY PROMISE AT ALL, IT MIGHT BE GOOD TO  
14 DO THAT AS AN OUTREACH TO OTHER NATIONS TO INCREASE THE  
15 NEED FOR INTERNATIONALISM. IT SEEMED LIKE THERE'S  
16 ALMOST AN EPIDEMIC IN MANY NATIONS AROUND THE WORLD OF  
17 THIS PARTICULAR CONDITION, AND IT MIGHT BE WISE TO ERR  
18 ON THE SIDE OF A LITTLE BIT MORE RESEARCH RATHER THAN A  
19 LITTLE LESS. THANK YOU.

20 CHAIRMAN KLEIN: THANK YOU. ADDITIONAL  
21 COMMENTS? CALL THE ROLL. COULD YOU REPEAT AGAIN THE  
22 CONFLICTS?

23 MR. TOCHER: KESSLER, LANSING, AND SHEEHY.

24 CHAIRMAN KLEIN: OKAY.

25 MS. KING: JUST SO THAT THOSE THAT ENTERED

1 THE MEETING AFTER THE MOTION WAS MADE, IF I COULD ASK  
2 DUANE ROTH TO REPEAT THE MOTION, PLEASE.

3 MR. ROTH: THE MOTION WAS FOR APPROVAL FOR  
4 FUNDING FOR GRANT 308.

5 MS. KING: RICARDO AZZIZ.

6 DR. AZZIZ: YES.

7 MS. KING: DAVID BALTIMORE.

8 DR. BALTIMORE: NO.

9 MS. KING: ROBERT PRICE.

10 DR. PRICE: YES.

11 MS. KING: DAVID BRENNER.

12 DR. BRENNER: YES.

13 MS. KING: SUSAN BRYANT.

14 DR. BRYANT: YES.

15 MS. KING: MICHAEL FRIEDMAN.

16 DR. FRIEDMAN: YES.

17 MS. KING: MICHAEL GOLDBERG.

18 MR. GOLDBERG: YES.

19 MS. KING: BRIAN HENDERSON.

20 DR. HENDERSON: NO.

21 MS. KING: BOB KLEIN.

22 CHAIRMAN KLEIN: ABSTAIN.

23 MS. KING: GERALD LEVEY.

24 DR. LEVEY: YES.

25 MS. KING: TED LOVE.



1 DR. LOVE: YES.  
2 MS. KING: ED PENHOET.  
3 DR. PENHOET: YES.  
4 MS. KING: TINA NOVA.  
5 DR. NOVA: NO.  
6 MS. KING: CLAIRE POMEROY.  
7 DR. POMEROY: YES.  
8 MS. KING: FRANCISCO PRIETO.  
9 DR. PRIETO: YES.  
10 MS. KING: JEANNIE FONTANA.  
11 DR. FONTANA: YES.  
12 MS. KING: DUANE ROTH.  
13 MR. ROTH: YES.  
14 MS. KING: JOAN SAMUELSON.  
15 MS. SAMUELSON: YES.  
16 MS. KING: JON SHESTACK.  
17 MR. SHESTACK: YES.  
18 MS. KING: OSWALD STEWARD.  
19 DR. STEWARD: YES.  
20 MS. KING: JANET WRIGHT.  
21 DR. WRIGHT: YES.  
22 MR. HARRISON: MOTION CARRIES WITH 17 YES  
23 VOTES, THREE NO VOTES, AND ONE ABSTENTION.  
24 CHAIRMAN KLEIN: THANK YOU. GOING ON TO THE  
25 NEXT ITEM, IS THERE A MOTION ADDRESSING THE NEXT ITEM?

1                   MR. ROTH: I'LL MOVE APPROVAL OF GRANT 247  
2   FOR FUNDING.

3                   CHAIRMAN KLEIN: DUANE ROTH HAS MOVED  
4   APPROVAL OF GRANT 247. IS THERE A SECOND?

5                   DR. POMEROY: SECOND.

6                   CHAIRMAN KLEIN: SECOND, DR. POMEROY. MOTION  
7   IS IN ORDER. DISCUSSION BY THE MEMBERS? WHY DON'T WE  
8   HAVE CONFLICTS ACTUALLY, AND THEN WE'LL HAVE, AGAIN, A  
9   SUMMARY BY THE SCIENTIFIC OFFICER.

10                  MR. TOCHER: CONFLICTS FOR 247 ARE BRYANT,  
11   LANSING, FONTANA, MURPHY, AND STEWARD.

12                  MS. OLSON: THIS IS AN APPLICATION TO CREATE  
13   A HUMAN CELL LINE MODEL OF ALZHEIMER'S DISEASE USING  
14   HSC. THEN, ONCE THIS MODEL IS CREATED AND  
15   CHARACTERIZED, TO USE IT TO SCREEN KNOWN TARGET GENES  
16   THAT HAVE BEEN IDENTIFIED AS THERAPEUTIC TARGETS FOR  
17   THEIR EFFECT -- OR FURTHER USE AS POSSIBLE THERAPEUTIC  
18   TARGETS FOR ALZHEIMER'S DISEASE.

19                  BASICALLY THERE AREN'T A LOT OF GOOD MODELS  
20   FOR ALZHEIMER'S DISEASE. AND, IN FACT, WHAT THIS  
21   INVESTIGATOR WANTS TO DO IS TO ESSENTIALLY CREATE  
22   MUTANT LINES BY INTRODUCING A MUTANT AMYLOID PRECURSOR  
23   PROTEIN BY MAKING THE PRECURSOR PROTEIN IN THE CELL  
24   LINES MUTANT AND THEN DIFFERENTIATING THEM TOWARDS A  
25   NEURONAL LINEAGE AND SCREENING WITH AN ALPHA BETA

1 ELISA. IT'S CONSIDERED VERY SIGNIFICANT BECAUSE  
2 BASICALLY EVEN THE RODENT MODELS DON'T REPLICATE THE  
3 PATHOPHYSIOLOGY OF THE ALZHEIMER'S DISEASE. AND THIS  
4 WOULD BE A HUMAN MODEL.

5 ALSO, THE PI IS HIGHLY PRODUCTIVE, HE'S  
6 WIDELY RECOGNIZED AS A LEADER IN THE ALZHEIMER'S  
7 DISEASE FIELD. SO, IN FACT, ONE OF THE STRENGTHS OF  
8 THE APPLICATION WAS THE OPPORTUNITY TO RECRUIT A NOTED  
9 ALZHEIMER'S DISEASE RESEARCHER TO THE FIELD. THE  
10 REVIEWERS CONSIDERED THE WORK TO BE AMBITIOUS, BUT  
11 FEASIBLE. THE PI CONSIDERED PROBLEMS THAT MIGHT ARISE  
12 AND ADDRESSED THEM. THEY ARE WELL QUALIFIED TO ANALYZE  
13 THE PROTEOLYTIC PRODUCTS. SO THE ASSAY ESSENTIALLY  
14 THAT WOULD BE USED IN THE SCREENING, THEY'RE WELL  
15 QUALIFIED TO DO THAT. THEY'RE ESSENTIALLY ADEPT IN THE  
16 TECHNOLOGIES THAT ARE REQUIRED AND ARE CONTEMPLATED IN  
17 THIS APPLICATION.

18 THE USE OF THE -- THE SCREEN THAT THEY WERE  
19 GOING TO USE FOR THERAPEUTIC TARGETS WAS ESSENTIALLY  
20 THEY HAVE A DRUGGABLE SI RNA ARRAY OF TARGETING ROUGHLY  
21 7300 GENES, AND THAT THEY WERE GOING TO TRANSFECT INTO  
22 THIS CELL LINE TO TRY AND IDENTIFY POTENTIAL  
23 ALZHEIMER'S TARGETS, AGAIN, BY USE OF THE ELISA.

24 THE PROPOSAL WAS CONSIDERED RISKY. ONE OF  
25 THE RISKS THAT WERE HIGHLIGHTED WAS THE SENSITIVITY OF

1 THE ASSAY. I WOULD, HOWEVER, NOTE THAT IN THE  
2 STRENGTHS, THAT THE PI'S LAB IS CONSIDERED EXPERT IN  
3 WORKING WITH THIS KIND OF ASSAY. SO IF THERE ARE  
4 PROBLEMS THAT ARISE WITH IT, THAT LAB IS PROBABLY WELL  
5 EQUIPPED TO ADDRESS THEM.

6 THE COLLABORATORS THEY ARE WORKING WITH, THEY  
7 ARE RELATIVELY INEXPERIENCED WITH HUMAN EMBRYONIC STEM  
8 CELLS, BUT HAVE COLLABORATORS WHO ARE EXPERT IN IT AND  
9 HAVE ALSO IN PERSONAL COMMUNICATIONS INDICATED THAT  
10 THEY GET SUFFICIENT EXPRESSION OF THE PROTEIN -- OF THE  
11 APP PROTEIN, THAT THEY SHOULD BE ABLE TO IDENTIFY IT.

12 THERE'S SOME CONCERN THAT THE MUTANT APP  
13 MIGHT BE TOXIC. YOU CAN'T DO MUCH ABOUT THAT. SO  
14 ESSENTIALLY A LOT OF THE RISKS WERE ADDRESSED, I THINK,  
15 BY THE REVIEWERS IN THE STRENGTHS, AND I THINK IT WAS  
16 JUST CONSIDERED A RISKY PROPOSAL.

17 IN THE PROGRAMMATIC DISCUSSION, IT WAS  
18 BROUGHT UP AGAIN AND IT WAS BROUGHT UP BECAUSE OF THE  
19 NOTION OF THE DESIRE TO RECRUIT AN ESTABLISHED  
20 ALZHEIMER'S INVESTIGATOR INTO THE HESC FIELD, AND ALSO  
21 BECAUSE IT WAS ACTUALLY ONE OF THE FEW APPLICATIONS  
22 THAT WE HAD SEEN THAT HAD GOOD SCIENCE AND WAS  
23 ADDRESSED TO THE ALZHEIMER'S DISEASE. SO THE  
24 RECOMMENDATION BY THE ENTIRE WORKING GROUP WAS TO  
25 RECOMMEND THIS FOR FUNDING. SO THIS WAS ONE OF THE

1 SPECIAL CATEGORY 2 APPLICATIONS AT THAT TIME.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

3 QUESTIONS FROM THE MEMBERS?

4 MS. SAMUELSON: QUICK COMMENT. I'M HEARING  
5 THAT AT LEAST SOME OF THE RISKS ARE, FROM MY VANTAGE  
6 POINT AND THE POLICY SIDE OF THINGS, PLUSES, THAT THIS  
7 IS A NEW AREA FOR THAT TEAM, WHICH IS A GOOD TEAM. AND  
8 THAT BECAUSE THEY HAVEN'T GOT A PORTFOLIO OF EXPERIENCE  
9 IN THAT FIELD, THERE'S LESS CERTAINTY IN THE OUTCOME.  
10 THAT'S BRINGING NEW PEOPLE INTO THE FIELD. WE'RE  
11 TRYING TO JUMP-START THIS FIELD, SO THOSE ARE PLUSES,  
12 IT SEEMS TO ME, THAT THESE FOLKS, WITHOUT A LOT OF  
13 BACKGROUND, ARE WILLING TO GET INTO IT AND HAVE TAKEN  
14 THE STEP, SO I THINK IT WOULD BE A GOOD THING TO FUND.

15 CHAIRMAN KLEIN: ADDITIONAL COMMENTS FROM THE  
16 MEMBERS? ADDITIONAL COMMENTS FROM THE PUBLIC? CAN YOU  
17 REPEAT THE CONFLICTS, AND WE WILL CALL THE ROLL.

18 MR. TOCHER: FOR 247 THEY ARE BRYANT,  
19 LANSING, FONTANA, MURPHY, AND STEWARD.

20 MS. KING: RICARDO AZZIZ.

21 DR. AZZIZ: YES.

22 MS. KING: DAVID BALTIMORE.

23 DR. BALTIMORE: YES.

24 MS. KING: ROBERT PRICE.

25 DR. PRICE: YES.

1 MS. KING: DAVID BRENNER.  
2 DR. BRENNER: YES.  
3 MS. KING: MICHAEL FRIEDMAN.  
4 DR. FRIEDMAN: YES.  
5 MS. KING: MICHAEL GOLDBERG.  
6 MR. GOLDBERG: YES.  
7 MS. KING: BRIAN HENDERSON.  
8 DR. HENDERSON: YES.  
9 MS. KING: BOB KLEIN.  
10 CHAIRMAN KLEIN: YES.  
11 MS. KING: GERALD LEVEY.  
12 DR. LEVEY: YES.  
13 MS. KING: TED LOVE.  
14 DR. LOVE: YES.  
15 MS. KING: TINA NOVA.  
16 DR. NOVA: YES.  
17 MS. KING: ED PENHOET.  
18 DR. PENHOET: YES.  
19 MS. KING: CLAIRE POMEROY.  
20 DR. POMEROY: YES.  
21 MS. KING: FRANCISCO PRIETO.  
22 DR. PRIETO: YES.  
23 MS. KING: DUANE ROTH.  
24 MR. ROTH: YES.  
25 MS. KING: JOAN SAMUELSON.

1 MS. SAMUELSON: YES.

2 MS. KING: JEFF SHEEHY.

3 MR. SHEEHY: YES.

4 MS. KING: JON SHESTACK.

5 MR. SHESTACK: YES.

6 MS. KING: JANET WRIGHT.

7 DR. WRIGHT: YES.

8 MR. HARRISON: MOTION CARRIES.

9 CHAIRMAN KLEIN: MOTION CARRIES. AT THIS

10 POINT I'D LIKE TO ASK WHAT IS THE PLEASURE OF THE

11 BOARD? ARE THERE ANY OTHER SEED GRANTS THAT THE BOARD

12 WISHES TO EXAMINE? I DON'T SEE ANY HIGHLY ENTHUSED

13 RESPONSE, SO I THINK THAT POTENTIALLY WE CAN GO ON TO

14 THE NEXT ITEM.

15 MS. KING: THERE ARE OTHER POSSIBILITIES

16 OTHER THAN APPROVING ADDITIONAL SEED GRANTS AMONG THE

17 SEED GRANTS. FOR EXAMPLE, THERE COULD BE SOME TYPE OF

18 MOTION REGARDING TIER 3. JUST TO BRING THAT UP BECAUSE

19 IT'S PART OF THIS ITEM.

20 DR. HALL: IT'S JUST A QUESTION OF DO YOU

21 WANT TO SAY WE'VE MADE A DECISION NOT TO FUND THESE, OR

22 KEEP IT OPEN FURTHER.

23 CHAIRMAN KLEIN: DR. HALL IS DIRECTING US TO

24 THE ISSUE OF WHETHER WE WANT TO MAKE A MOTION TO AT

25 THIS POINT PERMANENTLY CLOSE OFF TIER 3 AND THE

1 UNFUNDED GRANTS IN TIER 2.

2 DR. WRIGHT: SO MOVED.

3 DR. PENHOET: SECOND.

4 CHAIRMAN KLEIN: MOVED BY DR. WRIGHT; SECOND  
5 BY DR. PENHOET. DISCUSSION? DISCUSSION BY THE PUBLIC?  
6 JOHN SIMPSON.

7 MR. SIMPSON: JOHN SIMPSON FROM THE  
8 FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS. JUST A  
9 SUGGESTION THAT WOULD RELATE TO THIS AND RELATE TO YOUR  
10 PROCEDURES THAT MIGHT MAKE THINGS A LITTLE FASTER AND  
11 SMOOTHER ON THE CONFLICTS. SITTING OUT HERE, IT'S  
12 ABUNDANTLY CLEAR TO ANYONE WHO FOLLOWS THIS WHAT  
13 INSTITUTIONS ARE INVOLVED EVERY TIME WE HAVE THE  
14 CONFLICTS. IT MIGHT SERVE YOU ALL WELL IF YOU  
15 IDENTIFIED -- I UNDERSTAND, ALTHOUGH I DON'T AGREE WITH  
16 YOUR NEED NOT TO IDENTIFY THE NAME OF THE PI, BUT I  
17 THINK IT MIGHT MAKE LIFE EASIER ON STAFF AND EVERYONE  
18 ELSE IF YOU AT LEAST SAID WHAT INSTITUTIONS WERE  
19 INVOLVED. I THINK IT WOULD ALSO BE HELPFUL TO THE  
20 PUBLIC. WE COULD ASCERTAIN, I THINK, THAT IT WAS UCSF  
21 AND ALSO THEN PROBABLY IRVINE WITH SOME KIND OF  
22 COLLABORATOR FROM BURNHAM. AND IT WOULD SERVE US ALL  
23 WELL IF THAT WERE MADE PUBLIC, I THINK. THANK YOU.

24 CHAIRMAN KLEIN: THANK YOU.

25 DR. PENHOET: I WITHDRAW MY SECOND. I



1 PROBABLY HAVE CONFLICTS IN TIER 3 OF THE SEED GRANTS.

2 CHAIRMAN KLEIN: IS THERE A SECOND?

3 MR. SHESTACK: SECOND.

4 CHAIRMAN KLEIN: JON SHESTACK IS THE SECOND.

5 AND WE HAVE, THEREFORE, CLOSED PUBLIC COMMENT. ANY  
6 MORE BOARD COMMENT?

7 DR. PRIETO: A QUESTION. ARE WE DISCUSSING  
8 BOTH TIER 3 AND TIER 2? WE'RE CLOSING OFF THE  
9 REMAINING GRANTS IN BOTH?

10 CHAIRMAN KLEIN: WE'RE DISCUSSING CLOSING OFF  
11 THE UNFUNDED IN TIER 2 AS WELL AS THE TIER 3, FOR  
12 CLARIFICATION. WITH THAT, IF YOU WOULD CALL THE ROLL.  
13 AND IN THIS CASE IT'S IMPORTANT TO STATE WITH YOUR VOTE  
14 THAT YOU'RE VOTING EXCEPT FOR THOSE IN WHICH YOU ARE IN  
15 CONFLICT AND EXCEPT FOR THOSE IN WHICH YOU ARE  
16 ABSTAINING IF YOU HAVE ANY ABSTENTIONS OF RECORD.

17 FOR THE MEMBERS WHO JUST RECENTLY JOINED,  
18 THERE ARE SOME GOING FAR BEYOND STATE LAW AND EVEN OUR  
19 STANDARDS, WHICH HOPEFULLY ARE A GOLD STANDARD IN TERMS  
20 OF CONFLICTS BECAUSE THEY GO BEYOND STATE LAW TO BEGIN  
21 WITH, THERE ARE SOME INDIVIDUALS WHERE THERE MIGHT BE  
22 AN APPEARANCE OF CONFLICT ARE ALSO ABSTAINING ON THE  
23 RECORD. IF THAT DOESN'T APPLY TO YOU, YOU NEED NOT BE  
24 CONCERNED WITH IT, BUT FOR THOSE WHO ARE ABSTAINING ON  
25 THE RECORD, JUST MAKE THAT STATEMENT, PLEASE.

1 MS. KING: RICARDO AZZIZ.  
2 DR. AZZIZ: YES, EXCEPT FOR THOSE WITH WHICH  
3 I HAVE A CONFLICT.  
4 MS. KING: DAVID BALTIMORE.  
5 DR. BALTIMORE: YES, EXCEPT FOR THOSE WHERE  
6 I'M CONFLICTED.  
7 MS. KING: ROBERT PRICE.  
8 DR. PRICE: YES, EXCEPT OF THOSE IN WHICH I  
9 HAVE A CONFLICT.  
10 MS. KING: DAVID BRENNER.  
11 DR. BRENNER: YES, EXCEPT FOR THOSE WHERE I'M  
12 CONFLICTED.  
13 MS. KING: SUSAN BRYANT.  
14 MS. BRYANT: YES, EXCEPT FOR THOSE WITH WHICH  
15 I HAVE A CONFLICT.  
16 MS. KING: MICHAEL FRIEDMAN.  
17 DR. FRIEDMAN: YES, EXCEPT FOR THOSE WITH  
18 CONFLICTS.  
19 MS. KING: MICHAEL GOLDBERG.  
20 MR. GOLDBERG: YES, EXCEPT OF THOSE FOR WHICH  
21 I HAVE A CONFLICT.  
22 MS. KING: BRIAN HENDERSON.  
23 DR. HENDERSON: YES, EXCEPT FOR CONFLICTED.  
24 MS. KING: BOB KLEIN.  
25 CHAIRMAN KLEIN: YES.

1 MS. KING: SHERRY LANSING.  
2 MS. LANSING: YES, EXCEPT OF THOSE ON WHICH I  
3 HAVE A CONFLICT AND ALSO MUST ABSTAIN.  
4 MS. KING: GERALD LEVEY.  
5 DR. LEVEY: YES, EXCEPT FOR THOSE FOR WHICH I  
6 HAVE A CONFLICT.  
7 MS. KING: TED LOVE.  
8 DR. LOVE: YES.  
9 MS. KING: TINA NOVA.  
10 DR. NOVA: YES.  
11 MS. KING: ED PENHOET.  
12 DR. PENHOET: YES, EXCEPT THOSE WITH WHICH I  
13 HAVE A CONFLICT.  
14 MS. KING: CLAIRE POMEROY.  
15 DR. POMEROY: YES, EXCEPT FOR THOSE FOR WHICH  
16 I HAVE A CONFLICT.  
17 MS. KING: FRANCISCO PRIETO.  
18 DR. PRIETO: YES.  
19 MS. KING: JEANNIE FONTANA.  
20 DR. FONTANA: YES, EXCEPT FOR THOSE FOR WHICH  
21 I HAVE A CONFLICT.  
22 MS. KING: DUANE ROTH.  
23 MR. ROTH: YES.  
24 MS. KING: JOAN SAMUELSON.  
25 MS. SAMUELSON: YES.

1 MS. KING: JEFF SHEEHY.  
2 MR. SHEEHY: YES, EXCEPT FOR THOSE WITH WHICH  
3 I HAVE A CONFLICT OR FOR WHICH I AM ABSTAINING.  
4 MS. KING: JON SHESTACK.  
5 MR. SHESTACK: YES.  
6 MS. KING: OSWALD STEWARD.  
7 DR. STEWARD: YES, EXCEPT FOR THOSE WITH  
8 WHICH I HAVE A CONFLICT.  
9 MS. KING: JANET WRIGHT.  
10 DR. WRIGHT: YES.  
11 CHAIRMAN KLEIN: THANK YOU. MOTION PASSES.  
12 SINCE WE HAVE A SCHEDULED BREAK HERE AT THIS TIME, CAN  
13 I ASK FOR DALE CARLSON ON TIMING DIRECTION. SHOULD WE  
14 BREAK AT THIS TIME? WE'LL TAKE THE BREAK AT THIS TIME.  
15 ONE MOMENT HERE. ALL RIGHT.  
16 I'D LIKE TO MAKE TWO COMMENTS. FIRST IS THAT  
17 DR. PENHOET POINTS OUT THAT, GIVEN THAT WE HAVE JUST  
18 WRAPPED UP A VERY HISTORIC ROUND FOR SEED GRANTS, WE  
19 SHOULD POINT OUT TO EVERYONE THAT THIS WAS A ROUND  
20 WHERE THERE WERE 230 GRANT APPLICATIONS -- 238. THANK  
21 YOU -- 231 GRANT APPLICATIONS, AN INCREDIBLE SIZE  
22 RESPONSE OF GREAT QUALITY, AS REMARKED BY THE CHAIR OF  
23 OUR WORKING GROUP AND THE VICE CHAIR OF OUR WORKING  
24 GROUP. IT IS REALLY AN ASTONISHING DISPLAY OF THE  
25 COMMITMENT TO THIS FIELD AND THE QUALITY THAT CAN BE

1       PRODUCED ON SHORT ORDER.

2                   IT IS A REMARKABLE OCCASION TO HAVE FUNDED  
3       WHAT IS APPROXIMATELY NOW 46 MILLION, I BELIEVE -- IS  
4       THE FINAL NUMBER 75 GRANTS, DR. CHIU? -- 74 GRANTS,  
5       LAUNCHING THIS PHASE OF THE REMARKABLE HISTORY AND  
6       ODYSSEY OF PROPOSITION 71. WHEN COMBINED WITH THE  
7       TRAINING FELLOWSHIPS THAT HAVE PREVIOUSLY BEEN  
8       APPROVED, WHICH IS APPROXIMATELY 169 RESEARCH FELLOWS  
9       FOR A PERIOD OF THREE YEARS OR ABOUT 37 MILLION, WE  
10      HAVE A TOTAL THAT RUNS 37 MILLION FOR FELLOWSHIPS,  
11      APPROXIMATELY \$46 MILLION FOR SEED MONEY GRANTS, AND  
12      THE \$74.5 MILLION FOR COMPREHENSIVE GRANTS. WE'RE AT  
13      ABOUT \$158 MILLION IN COMMITMENTS, A REMARKABLE  
14      LEADERSHIP POSITION FOR CALIFORNIA, A REMARKABLE  
15      POSITION GIVEN THIS BOARD HAS GONE, WITH THE  
16      SUBCOMMITTEES, THROUGH MORE THAN 80 PUBLIC MEETINGS TO  
17      THIS DATE WITH TREMENDOUS COMMITMENT FROM RESOURCES  
18      THROUGHOUT THE COUNTRY AND THROUGHOUT THE WORLD HELPING  
19      US.

20                   WE CERTAINLY ARE INDEBTED TO ALL OF THOSE  
21      SCIENTISTS AND PHYSICIAN/SCIENTISTS FROM AROUND THE  
22      WORLD WHO HAVE CONTRIBUTED THEIR TIME ON OUR WORKING  
23      GROUPS, BOTH ON OUR WORKING GROUP FOR GRANTS AND FOR  
24      OUR WORKING GROUP FOR STANDARDS. AND AS WE NOTED, OUR  
25      STANDARDS, OUR MEDICAL AND ETHICAL STANDARDS, AS WE

1 CONDUCT THIS RESEARCH, WILL BE, IN FACT, THE GOLD  
2 STANDARD IN THE COUNTRY. ILLINOIS RECENTLY ADOPTED OUR  
3 STANDARDS AS A MODEL BECAUSE OF THE QUALITY.

4 SO WE WILL ADJOURN. AND IF THE BOARD WILL GO  
5 TO THE NEXT ROOM FOLLOWING MELISSA, WE WILL CELEBRATE A  
6 HISTORIC DAY FOR EMBRYONIC STEM CELL IN THE UNITED  
7 STATES, A HISTORIC DAY FOR PROPOSITION 71, A DAY OF  
8 CELEBRATION FOR PATIENTS THROUGHOUT CALIFORNIA WITH  
9 MORE THAN 70 AREAS OF CHRONIC DISEASE AND INJURY.  
10 THANK YOU.

11 (THE BOARD THEN ADJOURNED TO PRESS  
12 CONFERENCE.)

13 (BOARD MEMBERS MURPHY AND PIZZO ARRIVE.)

14 CHAIRMAN KLEIN: WE ARE IN SESSION AT THIS  
15 POINT. ALL RIGHT. WHILE WE ARE CONVENING HERE, WE  
16 HAVE A QUORUM. BUT IF THE PUBLIC COULD ASSEMBLE  
17 THEMSELVES, I'D LIKE TO PROVIDE AN OPPORTUNITY FOR  
18 PUBLIC COMMENT WHILE WE ARE ASSEMBLING THAT WAS NOT  
19 AVAILABLE AS AN OPPORTUNITY WITHIN THE PRESS  
20 CONFERENCE. SO IF ANYONE FROM THE PUBLIC WOULD LIKE TO  
21 SPEAK AT THIS TIME, PLEASE COME FORWARD. FRAN, I  
22 BELIEVE YOU'D LIKE TO ADDRESS THE BOARD.

23 MR. LOPES: I JUST HAVE ONE QUICK THING TO  
24 SAY. MY NAME IS FRAN LOPES. I JUST HAVE ONE QUICK  
25 THING TO SAY. I'D LIKE TO EXPRESS MY GRATITUDE TO THE

1 BOARD AND TO CALIFORNIA FOR FUNDING RESEARCH THAT WILL  
2 RESTORE QUALITY OF LIFE TO SO MANY OF US. THANK YOU.

3 (APPLAUSE.)

4 CHAIRMAN KLEIN: ARE THERE ANY OTHER PUBLIC  
5 COMMENTS? OKAY. I WOULD LIKE AT THIS TIME TO  
6 RECOGNIZE ONE STAFF MEMBER WHO WAS IN THE FAR BACK LAST  
7 NIGHT AS PART OF THE HEROIC TEAM THAT PUTS THIS  
8 ALTOGETHER. SHE'S NOW HIDING DIRECTLY BEHIND MELISSA  
9 KING. AMY LEWIS, WHO HAS BEEN THERE FROM THE VERY  
10 BEGINNING.

11 (APPLAUSE.)

12 CHAIRMAN KLEIN: LAST NIGHT WE RECOGNIZED THE  
13 FACT, FOR THE BENEFIT OF THE AUDIENCE AND THE BOARD  
14 MEMBERS WHO WERE NOT PRESENT, THAT ANY GREAT EFFORT  
15 RELIES HEAVILY ON THE TREMENDOUS TALENTS AND DEDICATION  
16 OF THE STAFF. AND IT'S IMPORTANT, I THINK, IF WE WERE  
17 TO, FIRST OF ALL, STAND AND APPLAUD THE LEADERSHIP  
18 SCIENTIFICALLY OF DR. HALL AND DR. ARLENE CHIU.

19 (APPLAUSE.)

20 CHAIRMAN KLEIN: IF THE BOARD WOULD REMAIN  
21 STANDING FOR JUST A MOMENT, I THINK WE NEED TO APPLAUD  
22 THE TREMENDOUS SUPPORT OF THE SCIENTIFIC TEAM, THE  
23 CHAIRMAN'S OFFICE TEAM, AND THE ADMINISTRATIVE STAFF  
24 THAT REALLY MOVES THIS AGENCY FORWARD AND MAKES  
25 MIRACLES HAPPEN.

1 (APPLAUSE.)

2 DR. HALL: NOT TO BE OUTDONE, I WOULD LIKE TO  
3 OFFER MY THANKS TO THE BOARD. YOU HAVE WORKED VERY  
4 HARD TO BRING US TO THIS POINT, AND LET ME SIMPLY SAY  
5 I'M VERY PROUD OF YOU. THIS IS A GREAT MOMENT, AND I  
6 THINK YOU'VE DONE A TERRIFIC JOB IN MANAGING A PROCESS  
7 THAT IS NEW. TO HAVE DECISIONS LIKE THIS MADE IN A  
8 PUBLIC SETTING WITH THE CONFLICT OF INTEREST ISSUES AND  
9 ALL THE REST COVERED, I THINK TO HAVE DONE THAT AND  
10 DONE IT AS THOUGHTFULLY AND AS WELL YOU HAVE, I, FOR  
11 ONE, WANT TO OFFER A ROUND OF APPLAUSE FOR THE BOARD.

12 (APPLAUSE.)

13 CHAIRMAN KLEIN: THANK YOU, DR. HALL. LORI  
14 HOFFMAN, YOU HAVE A SLIDE THAT WAS USED LAST NIGHT TO  
15 CAPTURE WHERE WE MIGHT BE ON A FINANCIAL BASIS. IF WE  
16 COULD RECALL THAT SLIDE BEFORE WE GO BACK AND LOOK FOR  
17 THE LAST TIME AT THE CATEGORY 2 OF THE COMPREHENSIVE  
18 GRANTS, GRAY AREA GRANTS, TO SEE IF THERE'S ANY ONE OF  
19 THOSE THE BOARD WISHES TO FUND. IT WOULD BE IMPORTANT  
20 TO RECALIBRATE WHERE WE ARE FINANCIALLY.

21 MS. HOFFMAN: THANK, BOB. I'LL WAIT FOR  
22 MELISSA TO PUT THAT UP ON THE SCREEN. SO AS CHAIRMAN  
23 KLEIN INDICATED, LAST NIGHT I WENT THROUGH THE  
24 OBLIGATIONS CURRENTLY MADE AND FUTURE OBLIGATIONS TO BE  
25 MADE WITH THE SHARED FACILITY LAB RFA OUT ON THE STREET



1 AND WILL BE PRESENTED TO THE BOARD AT YOUR JUNE MEETING  
2 FOR APPROVAL.

3 SO I'LL DRAW YOUR ATTENTION TO THE BOTTOM  
4 THREE LINES. THE PENDING SEED GRANTS, WHICH YOU  
5 APPROVED EARLIER THIS MORNING, ALLOW FOR \$11.38 MILLION  
6 OF REMAINING MONEY, BUT THIS NEEDS TO BE TAKEN IN THE  
7 CONTEXT OF NOT ONLY THE COMPREHENSIVE GRANTS TODAY, BUT  
8 THE SHARED FACILITY LABS GRANTS.

9 CHAIRMAN KLEIN: LORI, AS A REFINEMENT OF  
10 THAT, I THINK WE HAVE 2.75 MILLION MORE BECAUSE AT THIS  
11 MOMENT WE HAVE FUNDED 74.5 MILLION OF COMPREHENSIVE,  
12 WHICH WOULD LEAVE US WITH FIVE AND A HALF MILLION TO  
13 THE BETTER ON THE COMPREHENSIVE GRANTS, BUT BECAUSE  
14 WE'RE CASH FUNDING HALF OF THAT, IT'S 2.75 MILLION.

15 MS. HOFFMAN: YOU ARE CORRECT.

16 CHAIRMAN KLEIN: RIGHT. THANK YOU.

17 NOW, IT IS IMPORTANT FOR THE BOARD MEMBERS  
18 WHO WERE NOT PRESENT YESTERDAY TO ALSO REALIZE THAT THE  
19 REASON THAT THE CAPITALIZED INTEREST IS NOT A DEDUCTION  
20 FROM THIS, AS I SAID YESTERDAY, AND DR. LOVE IS HERE  
21 TODAY, THAT WITH THE BENEFIT OF DR. LOVE AND MARCY FEIT  
22 ON THE STATE FINANCE COMMITTEE, WE WERE ABLE MONTHS AGO  
23 TO OBTAIN THE APPROVAL FOR \$55 MILLION IN ADDITIONAL GO  
24 BONDS TO COVER OUR CAPITALIZED INTEREST. THE  
25 CAPITALIZED INTEREST IS ONLY AN OBLIGATION IF WE WIN.

1 BEING OPTIMISTIC, WE WANTED TO MAKE SURE IT WAS  
2 COVERED, BUT IS, THEREFORE, NOT A DEDUCTION FROM THE  
3 MONEY WE HAVE AVAILABLE TO FUND.

4 SO THE CORRECT NUMBER AT THIS POINT WOULD BE  
5 APPROXIMATELY \$14 MILLION POSSIBLE FOR AUGMENTATION,  
6 AUGMENTATION OF THE COMPREHENSIVE GRANTS IN THE GRAY  
7 AREA, AUGMENTATION OF SHARED FACILITIES, OR SOME OTHER  
8 RFA. SO REALIZE THAT ON A CASH-FLOW BASIS, WE HAVE  
9 THAT OPPORTUNITY. AND AS DR. HALL SAID YESTERDAY, IF  
10 THE SUPREME COURT WERE TO TAKE LONGER THAN EXPECTED, AT  
11 THIS POINT WE CAN GO THROUGH ANOTHER GRANT ROUND, WHICH  
12 WILL TAKE US APPROXIMATELY 120 DAYS, AND BY THE END OF  
13 THAT GRANT ROUND, THEN PREDICTABLY WE WOULD HAVE, EVEN  
14 WITH THE DELAY AT THE SUPREME COURT LEVEL, A DECISION  
15 THAT WOULD ALLOW US TO IMMEDIATELY ISSUE BONDS.

16 SO WE HAVE THE ABILITY EVEN AFTER THESE FUNDS  
17 ARE EXHAUSTED TO GO INTO AN ADDITIONAL GRANT ROUND,  
18 REALIZING THE TIMEFRAME LINES UP NICELY WITH THE  
19 EXTENDED PROJECTION OF TIME REQUIRED.

20 MS. HOFFMAN: CHAIRMAN KLEIN, I WOULD JUST  
21 LIKE TO ADD TO THAT. FOR THOSE OF YOU WHO WEREN'T HERE  
22 YESTERDAY, THAT ON THE COMPREHENSIVE GRANTS, THAT DOES  
23 MEAN THAT WE WOULD ONLY HAVE FUNDS AVAILABLE FOR TWO OF  
24 THE FOUR YEARS. SO I KNOW THERE WAS A LENGTHY  
25 DISCUSSION, BUT I DO THINK THAT I WOULD LIKE TO REMIND

1     YOU OF THAT, THAT THERE'S A FOUR-YEAR COMMITMENT MADE.  
2     I ASSUME IN THE GRANT AGREEMENT WE WOULD HAVE A  
3     CONTINGENCY.

4             CHAIRMAN KLEIN:  I'VE TALKED WITH DR. CHIU,  
5     AND THE GRANT ADMINISTRATION AGREEMENT WOULD SAY WE'VE  
6     COMMITTED TO FOUR YEARS.  THE FIRST TWO YEARS IS A HARD  
7     COMMITMENT; THE SECOND TWO YEARS IS CONDITIONED ON  
8     FUNDS BEING AVAILABLE, WHICH WOULD MEAN WINNING THE  
9     CASE AND ISSUING GO BONDS.

10            MS. HOFFMAN:  THANK YOU.

11            MR. SHESTACK:  BOB, HAS THERE EVER BEEN A  
12     CALCULATION MADE ON WHAT THE COST TO THE STATE HAS  
13     ULTIMATELY BEEN FROM THE COURT-MANDATED DELAYS?

14            CHAIRMAN KLEIN:  LORI.

15            MS. HOFFMAN:  WE'RE OBLIGATED UNDER THE ACT,  
16     THE INSTITUTE IS OBLIGATED TO PAY INTEREST FOR THE  
17     FIRST FIVE YEARS.  SO, IN FACT, THE ONLY FINANCIAL  
18     OBLIGATION -- THE FINANCIAL OBLIGATION IS ESSENTIALLY  
19     THE SAME.  THE INTEREST THAT WE'RE PAYING ON THE \$195  
20     MILLION WE WOULD BE PAYING EVEN IF THAT WAS BONDS.

21            CHAIRMAN KLEIN:  I THINK HE MAY WANT THE  
22     LEGAL COST ESTIMATE.

23            MR. SHESTACK:  YEAH.

24            MS. HOFFMAN:  THE LEGAL COST ESTIMATE IS  
25     APPROXIMATELY \$600,000 TO THE DEPARTMENT OF JUSTICE

1 WITH, I WOULD SAY, PROBABLY ANOTHER \$250,000 TO OUR  
2 OUTSIDE COUNSEL.

3 MR. SHESTACK: THANK YOU.

4 CHAIRMAN KLEIN: IT'S BEEN VERY EFFECTIVELY  
5 AND ECONOMICALLY DEALT WITH, PARTICULARLY WHEN YOU HAVE  
6 35,000 PAGES OF PRODUCTION. IT'S CLOSE TO A MILLION  
7 DOLLARS, AND THE GREATEST COST, OF COURSE, IS TO THE  
8 PATIENTS AND THE FAMILIES IN CALIFORNIA AND AROUND THE  
9 WORLD WHO HAVE SUFFERED THE DELAY IN FUNDING THAT'S  
10 RESULTED.

11 MS. HOFFMAN: I JUST WANT TO POINT OUT THAT  
12 AMY JUST MADE THE CHANGES ON THE COMPREHENSIVE GRANTS  
13 TO REFLECT THE \$74 MILLION AS OPPOSED TO THE \$80  
14 MILLION.

15 CHAIRMAN KLEIN: IF WE DON'T APPROVE ANY MORE  
16 COMPREHENSIVES, WE WOULD HAVE 14,089,000. ALL RIGHT.  
17 SO THE QUESTION BEFORE THE BOARD AT THIS POINT, IF  
18 SOMEONE COULD RAISE THE SCREEN ON THE COMPREHENSIVES,  
19 TIER 2, SO THE BOARD CAN CONSIDER THE QUESTION FOR ONE  
20 LAST TIME BEFORE WE HAVE A MOTION TO CLOSE OUT THE  
21 SECTION OR A MOTION FOR ACTION WHETHER WE WANT TO FUND  
22 ANY MORE COMPREHENSIVES.

23 DR. LEVEY: RATHER THAN DISCUSS FUNDING THESE  
24 GRANTS, WHICH WE ALL SPENT A LOT OF TIME ON, WOULD THE  
25 BOARD BE INTERESTED IN, I GUESS, SOME OF THE GRAY ZONE

1 GRANTS THAT HAVE NOT BEEN FUNDED, SORT OF REQUESTING  
2 THAT THE INVESTIGATORS HAVE A CHANCE TO RESPOND TO THE  
3 CRITICISMS AND PERHAPS REAPPLY FOR FUNDING, SORT OF A  
4 MINI. I GUESS YOU HAVE A MINI STUDY SECTION OR HAVE  
5 THEM LONG DISTANCE SEE IF THEY BECOME MORE WORTHY OF  
6 FUNDING?

7 DR. HALL: WE DISCUSSED THAT LAST NIGHT  
8 BRIEFLY; AND AS I UNDERSTOOD THE SENSE OF THE  
9 DISCUSSION, THAT IS, THE QUESTION WAS WHETHER SOMEBODY  
10 HAD SUGGESTED THAT WE TAKE ALL THE GRANTS THAT DIDN'T  
11 MAKE IT ACTUALLY AND HAVE A RE-REVIEW OF THOSE WITH THE  
12 CHANGES. AND THE PROBLEM WITH THAT, OF COURSE, IS YOU  
13 TAKE OFF YOUR BEST GRANTS AND YOU THEN TAKE YOUR NEXT  
14 BEST ONES. AND WHAT WE, I THOUGHT, AGREED WAS THE  
15 BETTER MODEL WAS, IN FACT, TO HAVE NEW RFA'S, WHICH WE  
16 WILL HAVE, AND THAT THOSE PEOPLE WHO DON'T GET FUNDED  
17 IN WHATEVER CATEGORY HERE WILL HAVE HAD THE BENEFIT OF  
18 THE REVIEWS AND THEN BE ABLE TO SUBMIT APPLICATIONS  
19 THAT --

20 DR. LEVEY: THE ONLY REASON I SUGGEST THAT IS  
21 THAT WE DO HAVE THIS UNUSED SURPLUS, AND THOSE WERE  
22 GRANTS WHERE FUNDING WAS TO BE AVAILABLE IF -- GET  
23 FUNDED IF THERE WERE FUNDS AVAILABLE. JUST THROW IT  
24 OUT.

25 DR. HALL: THE OTHER ALTERNATIVE, OF COURSE,

1     IS THE SHARED FACILITIES GRANT, WHICH IS GOING TO BE  
2     COMING UP.  AND I THINK THAT ALSO MAY BE AN OPPORTUNITY  
3     WHEN ONE WANTS TO THINK -- IN ALL OF THESE CASES, THE  
4     NUMBER OF GRANTS APPROVED, AS YOU NOW KNOW, HAVING BEEN  
5     THROUGH THIS TWICE, WAS A GUESS BY US OF WHAT SORT OF  
6     THE MARKET WAS, THE NUMBER OF APPLICATIONS THAT WOULD  
7     BE APPROPRIATE.  AND THIS GIVES THE BOARD THE OPTION OF  
8     THEN GOING BEYOND THAT NUMBER IF IT DEEMS IT NECESSARY  
9     AT THAT TIME.  I THINK THAT WOULD JUST BE ANOTHER  
10    ALTERNATIVE FOR THE USE OF THESE FUNDS.  I JUST POINT  
11    THAT OUT.

12                 CHAIRMAN KLEIN:  I THINK SHERRY LANSING AND  
13    THEN DR. PIZZO.

14                 MS. LANSING:  I HAVE TWO COMMENTS.  FIRST OF  
15    ALL, AS A POINT OF INFORMATION.  WHEN IS THE NEXT  
16    COMPREHENSIVE GRANT REVIEW?

17                 DR. HALL:  SO AS WE DISCUSSED LAST NIGHT, WE  
18    WILL NOT HAVE IMMEDIATELY ANOTHER COMPREHENSIVE GRANT  
19    REVIEW, BUT WHAT WE WILL HAVE -- THERE'S A LOT OF  
20    REDUNDANCY BUILT INTO THE GRANTING INITIATIVES.  SO  
21    THAT ALL OF THESE GRANTS WOULD, PROBABLY WITHIN THE  
22    INITIATIVES THAT WE'VE TALKED ABOUT DOING OVER THE NEXT  
23    SIX-MONTH PERIOD OR SO, ALL OF THESE GRANTS WOULD HAVE  
24    A VENUE IN WHICH THEY COULD COME IN AGAIN.  IT WOULD  
25    NOT NECESSARILY BE EXACTLY THE SAME, BUT, FOR EXAMPLE,

1 THE BIOLOGY OF STEM CELLS, DISEASE TEAMS, GENERATING  
2 NEW CELL LINES, CAREER DEVELOPMENT AWARDS FOR YOUNG  
3 PEOPLE, THERE WOULD BE A WHOLE GROUP OF NEW  
4 OPPORTUNITIES FOR PEOPLE TO COME IN. AND I THINK THAT,  
5 AS I SAY, ALMOST ANY OF THESE WOULD BE ABLE TO TAKE  
6 ADVANTAGE OF THAT.

7 MS. LANSING: SO WITH THAT IN MIND, BECAUSE I  
8 THINK THAT'S REALLY IMPORTANT, WHAT I LIKE, HAVING  
9 SERVED ON THE GRANT COMMITTEE, WHAT I REALLY AM  
10 IMPRESSED WITH WAS THAT WE MAKE THE DECISION, FOR WANT  
11 OF A BETTER WORD, BLIND. WE DON'T KNOW WHO ANYBODY IS,  
12 WE DON'T KNOW HOW MUCH MONEY WE'VE SPENT, AND JUST DO  
13 IT PURELY ON THE MERITS. I DO NOT THINK WE HAVE AN  
14 OBLIGATION TO SPEND ALL OF OUR MONEY AT ONCE. DO YOU  
15 KNOW? IF WE HAVE \$11 MILLION, SO BE IT. THAT'S JUST  
16 WHAT HAPPENED. AND THEN BELIEVE YOU ME WE'LL HAVE AN  
17 OPPORTUNITY TO SPEND IT. AND I THINK THAT WE SHOULDN'T  
18 FEEL THAT WE HAVE TO SPEND IT NOW. THAT'S REALLY NOT  
19 DOING THE CITIZENS A SERVICE.

20 WE SHOULD PURELY DO WHAT WE HAVE. IF THERE  
21 IS SOMETHING THAT IS OF MERIT THAT WASN'T FUNDED,  
22 THAT'S A DIFFERENT QUESTION. BUT I DON'T WANT TO DO IT  
23 JUST TO SPEND THE MONEY BECAUSE WITHIN SIX MONTHS WE'LL  
24 HAVE PLENTY OF OPPORTUNITY TO SPEND ANY SURPLUS.

25 CHAIRMAN KLEIN: THANK YOU, SHERRY. DR.

1 PIZZO.

2 DR. PIZZO: I WANT TO BOTH AGREE AND  
3 UNDERSCORE THE COMMENTS THAT SHERRY MADE. I THINK THIS  
4 IS OF CRITICAL IMPORTANCE. WE HAVE NOW WITNESSED, I  
5 THINK, THE FIRST MAJOR EVIDENCE OF FUNDING THAT'S COME  
6 FORWARD, WHICH IS EXTRAORDINARY. BUT I THINK WE'RE  
7 ABOUT TO HIT ANOTHER RATE-LIMITING STEP, AND WE'RE NOT  
8 GOING TO BE ABLE TO CONTINUE OUR PROGRESS WITHOUT  
9 FACILITIES. AND FACILITIES ARE GOING TO TAKE TIME TO  
10 GET, BOTH IN TERMS OF SHARED FACILITIES AND NEW  
11 FACILITIES. AND I CAN JUST TELL YOU THAT, AT LEAST AS  
12 A MEMBER OF ONE OF OUR UNIVERSITIES, WE'RE OUT OF  
13 SPACE. AND THAT MEANS THAT THE KIND OF WORK THAT WE  
14 NEED TO DO THAT WILL CAPITALIZE ON THE FUTURE IS ONLY  
15 REALLY GOING TO GO FORWARD IF WE'RE ATTENTIVE TO THAT.

16 SO I ABSOLUTELY AGREE THAT WE SHOULD SPEND  
17 ONLY ON THE HIGHEST QUALITY WORK THAT WE SEE, WHICH I  
18 THINK WE'VE DONE TO DATE, AND THEN WE SHOULD BEGIN  
19 THINKING CAREFULLY ABOUT HOW IN THE NEXT WAVE WE CAN  
20 PROCEED WITH SOME INVESTING IN THE CONTINUED FUTURE OF  
21 THE STATE IN TERMS OF HAVING THE FACILITIES TO CARRY  
22 OUT THIS RESEARCH.

23 CHAIRMAN KLEIN: WE HAVE SEVERAL SPEAKERS.  
24 JEFF SHEEHY AND THEN WE HAVE DR. HENDERSON AND DR.  
25 AZZIZ AND DR. LOVE.



1                   MR. SHEEHY:  FIRST, I WANT TO SAY I AGREE  
2   WITH THE SENTIMENT THAT WE OUGHT NOT TO FUND JUST  
3   BECAUSE WE HAVE THE MONEY.  BUT I ALSO WANT TO SUPPORT  
4   DR. HENDERSON'S NOTION LAST NIGHT THAT WE DON'T LOSE  
5   MOMENTUM.  I WONDER IF IT MIGHT BE POSSIBLE TO  
6   SUGGEST -- I TOOK THE LIBERTY OF PULLING UP THE  
7   SCIENTIFIC STRATEGIC PLAN.  IF THERE'S SOME -- THERE  
8   ARE A COUPLE OF INITIATIVES THAT WERE PLANNED FOR THIS  
9   YEAR THAT ACTUALLY MIGHT FIT WITHIN THAT \$14 MILLION  
10  BUDGET, THAT PERHAPS, NOT TO BE TOO SPECIFIC, BUT STAFF  
11  COULD LOOK AT PERHAPS LOOKING AT A MENU OF NEW RFA'S  
12  THAT WE MIGHT CONSIDER IN EITHER APRIL OR JUNE.  PEOPLE  
13  HAVE BEEN WORKING THEMSELVES TO DEATH.  I DON'T WANT TO  
14  KILL OUR STAFF.  BUT THE PLANNING FOR THE DISEASE  
15  TEAMS, FOR INSTANCE, WOULD BE A GREAT KICK-START, I  
16  THINK.

17                   ONE OF THE BIG SHORTCOMINGS THAT WAS  
18  IDENTIFIED IN BOTH THE SEED GRANTS AND THE  
19  COMPREHENSIVES WAS THE LACK OF SOMATIC CELL NUCLEAR  
20  TRANSFER GRANTS.  AND SO THE NEW METHODS FOR  
21  DEVELOPMENT OF STEM CELL LINES, I THINK, IS AN URGENT  
22  NEED.  I THINK THAT WOULD DRIVE THAT SCIENCE.  
23  REVIEWERS ARE DESPERATE TO SEE THOSE KINDS OF  
24  APPLICATIONS, AND THIS IS A PLACE WHERE WE COULD REALLY  
25  DEVELOP A REAL COMPETITIVE ADVANTAGE IF WE COULD MOVE

1     THAT.  AND ALSO IN THE CONTEXT OF ACKNOWLEDGING THAT WE  
2     MAY WANT TO GO OVER WHAT WE ALLOCATED IN THE SHARED  
3     RESEARCH FACILITIES GRANTS SO THAT WE DON'T PRECLUDE  
4     THAT, BUT JUST TO HAVE SOME ARROWS IN OUR QUIVER SO  
5     THAT WE DON'T LOSE ANY MOMENTUM, I'M WONDERING IF THAT  
6     MIGHT BE A GOOD IDEA.

7                 CHAIRMAN KLEIN:  ALL RIGHT.  WE HAVE DR.  
8     HENDERSON.

9                 DR. HENDERSON:  I WANT TO SUPPORT WHAT JEFF  
10    JUST SAID.  AND ALSO, WE MENTIONED LAST NIGHT, AND I  
11    THINK WE'RE ALL CONCERNED ABOUT THE AMOUNT OF SUPPORT  
12    ZACH AND HIS TEAM HAVE TO DEAL WITH THE GROWING, EVER  
13    GROWING AMOUNT OF PAPER AND RESPONSIBILITIES, AND THAT  
14    WE SHOULD ASK THAT EVERYTHING BE DONE THAT'S FEASIBLE  
15    TO GIVE THEM THE ADDED RESOURCES THEY NEED SO THEY CAN  
16    BUILD UP THE NECESSARY STAFF IN CIRM BECAUSE I THINK WE  
17    GO FORTH WITH PERIL IF WE DON'T TAKE CARE OF THE HOME  
18    BASE.  I, FOR ONE, WANT TO SEE YOU HAVE EVERYTHING YOU  
19    NEED TO KEEP IT GOING.

20                OBVIOUSLY WE HAVE TO GET ON WITH THE SEARCH  
21    AS WELL, BUT WE WANT TO MAKE SURE THAT YOU'RE  
22    ADEQUATELY FUNDED.

23                CHAIRMAN KLEIN:  ALL RIGHT.  AND DR. AZZIZ.

24                DR. AZZIZ:  JUST WANT FOR THE RECORD TO NOTE,  
25    NOT TO BE REPETITIVE, I DO SUPPORT SHERRY AND PHIL

1     PIZZO'S POINT THAT WE HAVE TAKEN A VERY OPTIMISTIC VIEW  
2     BECAUSE OF THE FIRST ROUND, ENTHUSIASM OF GRANTS, BUT  
3     WE REALLY DON'T WANT TO BE CARRIED AWAY TO THE POINT  
4     WHERE WE MAY BECOME AT SOME POINT FISCALLY IMPRUDENT.  
5     I AM VERY CONCERNED ABOUT THE FACILITY GRANTS BECAUSE  
6     I WILL TELL YOU THAT FACILITIES ARE THE THING THAT IS  
7     THE MOST DEFICIENT. WE CAN ATTRACT YOUNG  
8     INVESTIGATORS, WE CAN ATTRACT INTERNATIONAL PEOPLE, WE  
9     CAN BRING PEOPLE HERE. WE CAN'T HOUSE THEM IN TENTS.  
10            SO I WILL SIMPLY POINT OUT THAT THAT'S WHERE  
11     I'D RATHER SEE OUR MONEY SPENT.  
12            CHAIRMAN KLEIN: ALL RIGHT. AND DR. POMEROY,  
13     I BELIEVE YOU HAD A POINT. DR. LOVE AND THEN DR.  
14     POMEROY.  
15            DR. LOVE: I ACTUALLY DON'T DISAGREE WITH THE  
16     POINT OF HOLDING MONEY BACK, PARTICULARLY FOR  
17     FACILITIES. BUT I JUST WANTED TO ACKNOWLEDGE FOR THE  
18     RECORD THAT WE ACTUALLY ARE SITTING ON A PRETTY THICK  
19     STACK OF SEED GRANTS WHERE IT SEEMS LIKE THE  
20     RECOMMENDATION READS RECOMMENDED FOR FUNDS IF  
21     AVAILABLE, AND WE HAVE FUNDS AVAILABLE. I'M JUST  
22     TRYING TO MAKE SURE THAT I'M RECONCILING. THAT WAS THE  
23     REVIEW RECOMMENDATION, RECOMMEND FOR FUNDING IF THE  
24     FUNDING IS AVAILABLE.  
25            DR. PENHOET: THAT'S THE COMPREHENSIVE

1 GRANTS.

2 DR. LOVE: THESE WERE THE SEEDS. THERE'S  
3 PROBABLY TEN, 15 SEED GRANTS.

4 CHAIRMAN KLEIN: WE HAVE AT THIS POINT CLOSED  
5 OFF THE SEED GRANT CONSIDERATION, BUT IT IS REMARKABLE  
6 THE STRENGTH OF THAT POOL. DR. POMEROY.

7 DR. POMEROY: I ALSO WANT TO SPEAK IN FAVOR  
8 OF NOT FUNDING ANY ADDITIONAL COMPREHENSIVE GRANTS. I  
9 WANTED TO REMIND US OF THE POINT THAT DR. HENDERSON  
10 MADE YESTERDAY, WHICH IS THAT, BECAUSE OF PROP 71,  
11 WE'VE BEEN ABLE TO ATTRACT MANY NEW INVESTIGATORS TO  
12 CALIFORNIA, PEOPLE WHO HAVE ARRIVED SINCE THE DEADLINES  
13 FOR THE FIRST ROUND. AND SO I THINK HOLDING THE MONEY  
14 FOR EITHER THE SHARED RESOURCE OR CAREER DEVELOPMENT OR  
15 ANOTHER ROUND OF RESEARCH GRANTS IS A BETTER INVESTMENT  
16 OF THOSE FUNDS.

17 CHAIRMAN KLEIN: JUST AS A COMMENT, JUST TO  
18 CREATIVELY PUT AN OPTION TO THE TABLE FOR THE BOARD TO  
19 THINK ABOUT, GIVEN THAT IT'S TAKEN LONGER TO GET TO THE  
20 MAJOR FACILITIES GRANT CYCLE THAN ORIGINALLY EXPECTED,  
21 AND THERE'S MORE PRESSURE ON THE FACILITIES' ADEQUACY,  
22 WE HAVE THE ABILITY, JUST AS WE DID WITH COMPREHENSIVES  
23 HERE, TO MAKE A COMMITMENT TO THE INSTITUTIONS FOR \$48  
24 MILLION AND A CONDITIONAL COMMITMENT SUBJECT TO THE  
25 AVAILABILITY OF FUNDS. THERE'S GREAT LAWYERS AT THESE

1 INSTITUTIONS. THEY CAN LOOK AT OUR TRIAL COURT AND OUR  
2 COURT OF APPEALS DECISIONS, JUST AS THE INSTITUTIONS  
3 ARE DOING IN THE CASE OF THE COMPREHENSIVE GRANTS, AND  
4 MAKE A REASONED DECISION WHETHER THEY WOULD WANT TO  
5 RELY UPON A CONDITIONAL COMMITMENT. BUT THOSE  
6 CONDITIONAL COMMITMENTS MIGHT ALLOW SOME REASONED  
7 COURAGE, BACKED UP BY REASONED LEGAL OPINIONS, SO THAT  
8 INSTEAD OF AWARDING 48 MILLION, WE COULD AWARD 75  
9 MILLION, FOR EXAMPLE, OR \$80 MILLION WITH THE SECOND  
10 PORTION BEING CONDITIONAL, AND IT MAY RELIEVE THE  
11 CONGESTION AND INADEQUACY OF SPACE AND FACILITIES.

12 SO WE HAVE INFORMATION FLOWING INTO US. IT  
13 WOULD TAKE REAL TIME ADJUSTMENT IF THE BOARD WANTED TO  
14 CONSIDER THAT. WE MIGHT AGENDIZE OPTIONS AT OUR NEXT  
15 BOARD MEETING TO CONSIDER A NUMBER OF OPTIONS,  
16 INCLUDING PUTTING THE ADDITIONAL 14 MILLION FOR A NEW  
17 RFA WHILE GIVING OURSELVES A CONTINGENT AUTHORIZATION,  
18 IF NECESSARY, FOR ADDITIONAL SHARED FACILITIES  
19 EXPENDITURES OR COMMITMENTS. BUT THIS WOULD BE AN  
20 AGENDIZED ITEM THAT WE WOULD DISCUSS IN THE NEXT BOARD  
21 MEETING.

22 DR. HALL: I JUST WANT TO MAKE A POINT OF  
23 INFORMATION. WE ARE CERTAINLY AWARE OF THE NEED FOR  
24 FACILITIES, AND WE HAVE PUSHED AHEAD THE SHARED  
25 FACILITIES ONE AS QUICKLY AS WE CAN. WE FACED A

1 CHALLENGE THERE ONCE AGAIN IN THAT THE FACILITIES  
2 WORKING GROUP WILL BE GOING THROUGH FOR THE FIRST TIME  
3 IN EARLY MAY ITS PROCEDURES. SO THERE ARE A LOT OF  
4 THINGS TO BE WORKED OUT. THIS WILL BE DONE IN PUBLIC  
5 SESSION, WHICH WILL, AGAIN, BE NEW. AND THE WHOLE  
6 BUSINESS OF PUTTING ALL THIS TOGETHER HAS BEEN A BIT OF  
7 A CHALLENGE, BUT IT'S VERY IMPORTANT BECAUSE, HAVING  
8 GONE THROUGH THIS, IT WILL BE A PREPARATION FOR THE  
9 LARGER FACILITIES GRANTS.

10 NOW THAT WE HAVE LORI HOFFMAN AND RICK KELLER  
11 ON BOARD, OUR PLAN IS TO BRING YOU IN APRIL A SCHEDULE  
12 FOR THE LARGE FACILITIES GRANTS AND TO HAVE AN  
13 INFORMATION SESSION IN WHICH WE GET INPUT FROM YOU  
14 PRIOR TO, AND WE WILL THEN ALSO GET INPUT FROM THE  
15 FACILITIES WORKING GROUP, PRIOR TO BRINGING YOU, WE  
16 HOPE, IN JUNE A CONCEPT CLEARANCE FOR AN RFA. OUR HOPE  
17 IS THAT THAT CAN MOVE ALONG RATHER QUICKLY. IT DOES  
18 POSE SOME CHALLENGES FOR US, BUT WE ARE WORKING VERY  
19 HARD ON THAT.

20 CHAIRMAN KLEIN: WE HAVE DUANE ROTH AND THEN  
21 DR. MURPHY.

22 MR. ROTH: JUST A QUESTION. HOW MANY RFA'S  
23 DID WE RECEIVE FOR FACILITIES?

24 DR. HALL: TWENTY-TWO.

25 MR. ROTH: AND THE SCOPE OF THE RANGE OF THE

1 BUDGET? IS THERE A CAP?

2 DR. HALL: CAN WE HAVE A SORT OF AVERAGE  
3 BUDGET FOR THAT?

4 MS. HOFFMAN: INTERESTING ENOUGH, PART 2,  
5 WHICH IS WHEN THE BUDGETS ARE COMING IN, ARE DUE TODAY.

6 MR. ROTH: WAS THERE ANY GUIDELINES?

7 MS. HOFFMAN: I'M SORRY. THE GUIDELINES ARE  
8 UP TO A MILLION DOLLARS FOR RENOVATION, WHICH IS THE  
9 CAPITAL COST, INCLUDING UP TO 15 GRANTS TO BE FUNDED.  
10 THERE'S AN ADDITIONAL FIVE FOR THE TECHNIQUES COURSE  
11 WITH ANOTHER \$250,000 PER TECHNIQUES COURSE FOR  
12 RENOVATION. RIGHT NOW IT'S \$16.25 MILLION FOR CAPITAL  
13 COST WITH A TOTAL OF 48.5 FOR THE ENTIRE RFA.

14 DR. HALL: LET'S DO IT THIS WAY. THE 48.5  
15 REPRESENTS ROUGHLY 15 GRANTS. WE RECEIVED 22, ANOTHER  
16 SEVEN. SO TAKE HALF OF THAT. AND IF YOU FULLY FUNDED  
17 EVERY APPLICATION THAT WE GOT, IT WOULD BE PROBABLY A  
18 LITTLE BIT LESS THAN THAT SINCE OUR ESTIMATES ARE  
19 ALWAYS GENEROUS, SO WE OVERESTIMATE AND DON'T  
20 UNDERESTIMATE, BUT THAT WOULD BE ANOTHER 24 MILLION  
21 ROUGHLY WOULD BE THE ESTIMATE IF YOU FULLY FUNDED ALL  
22 THE APPLICATIONS THAT WE HAVE.

23 MR. ROTH: MR. CHAIRMAN, IF YOU WERE TO  
24 PURSUE YOUR IDEA, YOU BASICALLY HAVE ALL THOSE COVERED.

25 CHAIRMAN KLEIN: WE HAVE THE OPTION OF EITHER

1 INCREASING THE SIZE OF WHAT WE AWARD OR BROADENING THE  
2 AWARD. IT MIGHT BE INSTRUCTIVE IF WE WERE -- LET ME  
3 ASK COUNSEL. COUNSEL, COULD WE FOR THOSE WHO HAVE  
4 SUBMITTED WITHIN THE DEADLINE ASK THEM IF THEY HAD  
5 ADDITIONAL FUNDS, IF THEY COULD BE UTILIZED, WITHOUT  
6 ASKING THEM FOR ADDITIONAL SUBMISSIONS? I'M ASKING  
7 JUST A LEGAL QUESTION FIRST, AND THEN I'LL ASK THE  
8 SCIENTIFIC.

9 MR. HARRISON: I WILL HAVE TO TAKE A CLOSE  
10 LOOK AT THE RFA TO MAKE SURE THAT IT CONTEMPLATES SUCH  
11 A POSSIBILITY. I WILL DO THAT AND REPORT BACK TO YOU.

12 MS. HOFFMAN: ZACH, I JUST WANTED TO REMIND  
13 CHAIRMAN KLEIN THAT, IN FACT, DURING THE NEGOTIATIONS  
14 WITH THE DEPARTMENT OF FINANCE ON THE 195 MILLION OR  
15 THE \$150 MILLION LOAN, THAT THE INSTITUTE AGREED TO  
16 ONLY SPEND 10 PERCENT OF THE 195 FOR CAPITAL, SO WE CAN  
17 ONLY FUND UP TO \$19 MILLION IN THIS GRANT FOR CAPITAL.

18 CHAIRMAN KLEIN: WE CAN ONLY USE THE  
19 GOVERNOR'S FUNDS, BUT MY CREATIVE PROPOSAL IS --

20 MS. HOFFMAN: I BELIEVE THAT WE AGREED THAT  
21 OF THE 195, WE WOULD USE ONLY 10 PERCENT.

22 CHAIRMAN KLEIN: I AM IN COMPLETE AGREEMENT  
23 WITH YOU. THE ISSUE IS I'M SUGGESTING THAT WE HAVE THE  
24 OPPORTUNITY, IF NEEDED, TO MAKE A CONDITIONAL  
25 COMMITMENT, NOT OF THE 195, BUT A CONDITIONAL



1 COMMITMENT WOULD BE OUTSIDE. SCIENTIFIC ISSUES, DR.  
2 HALL.

3 DR. HALL: LET ME JUST SAY I THINK IT WOULD  
4 WREAK HAVOC UPON US IF WE WERE TO GO BACK. WE'RE  
5 RECEIVING THESE TODAY. PEOPLE HAVE BEEN WORKING ON  
6 THEM. AND IF WE WERE TO SUDDENLY GO BACK AND SAY, OH,  
7 BY THE WAY, YOU CAN ASK FOR MORE MONEY IF YOU WANT TO,  
8 I THINK THIS WOULD BE DISASTER FOR US.

9 CHAIRMAN KLEIN: THAT'S FINE. WELL TAKEN.  
10 WE CAN REST ON THE INFORMATION WE HAVE.

11 DR. HENDERSON: I DON'T KNOW IF IT'S  
12 REQUIRED, BUT IF IT IS, I MOVE THAT WE TABLE ANY  
13 FURTHER CONSIDERATION OF GRANT FUNDING IN THE CURRENT  
14 CYCLES AND MOVE ON.

15 DR. AZZIZ: SECOND.

16 CHAIRMAN KLEIN: WE HAVE CONFLICTS ISSUES, SO  
17 I THINK IT'S BEST IF THE MOTION IS MADE BY SOMEONE  
18 WITHOUT --

19 DR. HENDERSON: FINE WITH ME. JUST WANTED TO  
20 START.

21 MR. HARRISON: JUST TO BE PRECISE, IT'S TO  
22 CLOSE OFF FUNDING OF THE COMPREHENSIVE GRANTS SINCE  
23 WE'VE ALREADY TAKEN A VOTE ON THE SEED GRANTS.

24 CHAIRMAN KLEIN: THAT'S CORRECT.

25 DR. WRIGHT: I MOVE WE CLOSE OFF FUNDING

1 ISSUES ON THE COMPREHENSIVE GRANTS.

2 DR. PRIETO: SECOND.

3 CHAIRMAN KLEIN: I'D LIKE TO ASK. JOAN  
4 SAMUELSON AND DR. MURPHY HAD POINTS. I'D LIKE TO SEE  
5 REALLY WHETHER THOSE POINTS HAVE BEEN ADDRESSED BY THE  
6 PRIOR DISCUSSION, OR IF THEY ADDRESS THIS SPECIFIC  
7 ISSUE.

8 MS. SAMUELSON: MINE DOES. AND IT ACTUALLY  
9 ADDRESSES BOTH THE CUTTING OFF OF ANY FURTHER FUNDING  
10 OF THE COMPREHENSIVE GRANTS AS WELL AS THE NOTION OF  
11 TRYING TO GET ADDITIONAL RFA'S GOING AS QUICKLY AS  
12 POSSIBLE. I SUPPORT THAT. AND I'M AWARE OF SOME GRANT  
13 APPLICATIONS IN THE COMPREHENSIVE GRANT POOL THAT I  
14 THINK ARE IMPORTANT GRANTS FOR US TO FUND AND THAT  
15 MIGHT WELL FALL WITHIN A KNEW RFA AND THAT WOULD  
16 SUCCEED MUCH BETTER, I THINK, IF WE REFINE SOME ISSUES  
17 THAT I THINK MAYBE OUR WORKING GROUP DIDN'T KNOW HOW TO  
18 TACKLE, THINGS THAT ARE POLICY CONSIDERATIONS. LIKE  
19 AMBITIOUSNESS, IS THAT BAD OR GOOD? RISK, IS THAT BAD  
20 OR GOOD? LURING NEW SCIENTISTS, LURING SCIENTISTS FROM  
21 OUTSIDE CALIFORNIA TO CALIFORNIA IN THE GRANT. IS THE  
22 PROMISE OF BRINGING A RESEARCHER IN A BAD THING? IT  
23 WAS REGARDED AS SUCH, IT APPEARS, IN AT LEAST ONE  
24 GRANT, AND IT DIDN'T FARE WELL. IT ENDED UP IN TIER 3  
25 IN THE COMPREHENSIVES, AN EXTREMELY IMPORTANT GRANT FOR

1     PARKINSON'S RESEARCH.

2                 SO I THINK WE CAN REFINE OUR UNDERSTANDING OF  
3     SOME THINGS AND ALSO CONTINUE TO JUMP-START THE  
4     RESEARCH.  AND THERE MAY BE A FEW JEWELS LEFT IN THE  
5     FIELD WITH REFINEMENT.  SO WHAT I WOULD URGE IS THAT IN  
6     DEVELOPING THOSE RFA'S, WE LOOK BACK AT THE GRANTS THAT  
7     MAY STILL HAVE POTENTIAL, GIVEN THE DISCUSSION BY THE  
8     REVIEWERS, AND BRING THEM ALONG MORE QUICKLY THAN WE  
9     OTHERWISE MIGHT WITH THE NEW RFA'S.

10                CHAIRMAN KLEIN:  THANK YOU.

11                DR. MURPHY:  MR. CHAIRMAN, I'D LIKE TO GO  
12     BACK TO BRIAN'S POINT ABOUT THE POSSIBILITY OF STAFFING  
13     UP.  I THINK THAT WE ALL REALIZE THAT THE STAFF HAS  
14     BEEN WORKING WELL BEYOND THE CALL OF DUTY.  WHEN WE GET  
15     E-MAILS FROM MELISSA AT 10 O'CLOCK AT NIGHT, YOU KNOW  
16     THAT SOMETHING IS WRONG.  AND I THINK IT'S PROBABLY  
17     GOING TO GET WORSE ONCE WE HAVE -- WHEN ZACH STEPS DOWN  
18     AND WE MAY BE FACING A GAP IN LEADERSHIP.  SO I GUESS  
19     THE QUESTION FOR ZACH IS IF YOU HAD THOSE FUNDS NOW,  
20     ZACH, COULD YOU EFFECTIVELY STAFF UP TO FILL NEEDS THAT  
21     ARE GOING TO BE IMMEDIATE FOR YOU?  AND SHOULD THAT BE  
22     A PRIORITY FOR US IN THINKING ABOUT AVAILABLE FUNDING?

23                DR. HALL:  WE CERTAINLY WILL CONTINUE TO DO  
24     THAT.  WE NOW HAVE THREE POSITIONS NOW THAT HAVE  
25     BEEN -- FOR WHICH WE'RE RECRUITING FOR GRANTS

1 MANAGEMENT, WHICH IS ONE OF OUR BIG AREAS. NOW THAT  
2 WE'VE AWARDED THESE FUNDS, IT'S OUR JOB TO MANAGE THEM  
3 AND TO BE RESPONSIBLE IN THAT MANAGEMENT TO THE STATE  
4 AND TO THE PEOPLE OF CALIFORNIA. AND SO WE ARE WORKING  
5 VERY HARD NOW TO BEEF UP THAT SIDE OF OUR OPERATIONS.  
6 WE ALSO ARE HIRING ADDITIONAL SCIENCE TEAM MEMBERS, SO  
7 WE HAVE THREE POSITIONS THAT WILL BE POSTED VERY  
8 SHORTLY. AND WE WILL CONTINUE TO ADD TO THAT POOL AS  
9 WE MOVE FORWARD.

10 DR. MURPHY: AND THOSE POSITIONS ARE FUNDED  
11 NOW?

12 DR. HALL: WELL, WE HAVE A BUDGET PROJECTION.  
13 WE HAVE BEEN WORKING WITH LORI HOFFMAN TO PROJECT THESE  
14 EXPENSES ALONG THE WAY. OF COURSE, THE BIG UNCERTAINTY  
15 IS WHAT HAPPENS THIS SUMMER. AND OUR PERSPECTIVE ON  
16 THAT HAS CHANGED A LITTLE BIT BY THE RECENT APPELLATE  
17 COURT DECISION AND ITS STRENGTH. THAT IS, I THINK THE  
18 LIKELIHOOD, THE PROBABILITY THAT THE CASE WILL NOT BE  
19 HEARD BY THE SUPREME COURT HAS INCREASED BECAUSE OF THE  
20 STRENGTH OF THAT DECISION. SO IT MAY BE THAT AS SOON  
21 AS THE SUMMER THAT ONE WILL THEN HAVE EVEN MORE FUNDS  
22 AND EVEN MORE RAMPING UP. SO WE'RE TRYING TO BALANCE  
23 ALL OF THESE THINGS.

24 ALSO, IT IS HARD -- YOU CAN ONLY GROW AT A  
25 CERTAIN RATE. YOU HAVE NEW PEOPLE TO TRAIN, AND YOU

1 CAN'T SIMPLY GO OUT AND HIRE 20 NEW SCIENCE OFFICERS  
2 AND EXPECT THAT YOU'D HAVE HIGH QUALITY OR BE ABLE TO  
3 DO IT. SO WE ARE AWARE OF THIS. WE ARE DOING WHAT WE  
4 CAN, BUT IT STILL WILL BE A CHALLENGE ON ALL OF THESE  
5 FRONTS JUST TO GET THE WHOLE THING, GET THE I.T.  
6 SYSTEMS IN PLACE, GET THE GRANTS MANAGEMENT PIECE TAKEN  
7 CARE OF IN A DEFINITIVE WAY, AND WE ARE NOW VERY  
8 SERIOUS ABOUT THAT AND WORKING ON THAT, AND ALSO  
9 CONTINUE TO AUGMENT OUR SCIENCE TEAM.

10 AND THEN I WOULD POINT OUT THAT AS WE GO  
11 FORWARD, WE HAVE OUR IP FOR FOR-PROFITS ESTABLISHED.  
12 WE'RE WORKING ON THE GRANTS ADMINISTRATION POLICY FOR  
13 FOR-PROFIT, SO WE ARE ALSO TRYING TO MOVE AHEAD SO THAT  
14 WE WILL BE IN A POSITION TO HAVE GRANTS OR LOANS OR  
15 HOWEVER WE WISH TO STRUCTURE IT FOR FOR-PROFIT  
16 INSTITUTIONS. AND THAT WILL REQUIRE ALMOST CERTAINLY A  
17 DIFFERENT LEVEL OF EXPERTISE. THOSE AWARDS WILL HAVE  
18 TO BE NEGOTIATED INDIVIDUALLY AND HAVE TO BE MONITORED.  
19 SO OUR JOB WILL GROW IN COMPLEXITY AS WELL AS SIZE.

20 WE HAVE, AS I SAID BEFORE, THE ADDITION OF  
21 RICK KELLER AND ALSO LORI'S EXPERIENCE IN FACILITIES  
22 HAS BEEN -- THAT'S REALLY PUT US ON TRACK THERE. AND  
23 WE WILL EVALUATE WHETHER OR NOT WE NEED ADDITIONAL  
24 PERSONNEL IN THAT AREA ALONG THE WAY. THERE'S NO  
25 INTENT HERE TO SORT OF STOP AND TAKE A BREATHER;

1       HOWEVER, WE HAVE BEEN ALMOST COMPLETELY ABSORBED IN  
2       THESE THREE RFA'S FOR THE LAST FEW MONTHS.  AND WE WILL  
3       COME TO YOU IN APRIL WITH SOME SUGGESTIONS AND SOME  
4       IDEAS AND HEAR FROM YOU ALSO WHAT IDEAS YOU HAVE, BUT  
5       THIS IS USEFUL AND VALUABLE INFORMATION FROM US IN  
6       TERMS OF THE HELPING US DIRECT OUR WORK FLOW OVER THE  
7       NEXT MONTH.

8               CHAIRMAN KLEIN:  DR. MURPHY, BEFORE FINISHING  
9       YOUR COMMENTS.  LORI, FOR THE BENEFIT OF THE BOARD  
10      MEMBERS, THE FULL COMPLEMENT THAT MIGHT NOT HAVE HEARD  
11      YOUR COMMENTS LAST NIGHT, COULD YOU JUST HIT A COUPLE  
12      OF HIGH POINTS IN HOW YOU'VE BUDGETED FOR WHAT TIME  
13      PERIOD, AND \$3 MILLION PLUS THAT IS UNCOMMITTED AND  
14      AVAILABLE?

15             MS. HOFFMAN:  CERTAINLY.  SO IN THE SLIDE  
16      THAT WAS UP EARLIER, THERE WAS A LINE ITEM FOR 6  
17      PERCENT FOR ADMINISTRATION, WHICH IS IN THE ACT,  
18      PROPOSITION, THE CAP ON FUNDS THAT ARE AVAILABLE FOR  
19      BOTH GENERAL AND RESEARCH GRANTS ADMINISTRATION.  AND  
20      SO WE WORK WITHIN A VERY TIGHT BUDGET.  WHAT WE'VE DONE  
21      IS THIS YEAR, WITH BOARD APPROVAL AT THE DECEMBER '06  
22      MEETING, WE'VE ALLOCATED \$8.3 MILLION FOR  
23      ADMINISTRATION FOR CIRM FOR THE '06-'07 FISCAL YEAR.

24             FOR VARIOUS REASONS, WE DON'T ANTICIPATE  
25      SPENDING ALL OF THAT MONEY.  SO THERE WILL BE SOME

1 CARRY-FORWARD FUNDS AVAILABLE FOR '07-'08, AND THE  
2 REMAINDER OF THAT MONEY WILL CARRY US THROUGH FOR  
3 STAFFING AND LIMITED EXPENDITURES FOR THE FIRST SIX  
4 MONTHS OF '07-'08.

5 CHAIRMAN KLEIN: SO OF THE 8.6, WHAT'S YOUR  
6 ROUGH ESTIMATE OF WHAT WE'LL SPEND?

7 MS. HOFFMAN: OF THE 8.3, I THINK WE'LL  
8 PROBABLY BE ABOUT 7.5, SO WE'LL HAVE A LITTLE UNDER A  
9 MILLION DOLLARS TO CARRY FORWARD.

10 CHAIRMAN KLEIN: SO IT'S 7.5 AGAINST THE  
11 11.7; IS THAT CORRECT?

12 MS. HOFFMAN: THAT IS CORRECT.

13 CHAIRMAN KLEIN: SO WE HAVE 4.2 MILLION TO  
14 CARRY US FROM JULY '07 TO DECEMBER '07.

15 MS. HOFFMAN: THAT'S CORRECT. AND AGAIN,  
16 JUST FOR STAFFING, WHICH INCLUDES THE THREE STAFF  
17 MEMBERS THAT ARLENE WILL BE HIRING FOR GRANTS  
18 MANAGEMENT AND SOME LIMITED FUNDS FOR OPERATIONS.

19 MR. ROTH: IS THAT 6 PERCENT OF COMMITTED  
20 FUNDS? YOU WERE SPEAKING TO COMMITTED FUNDS VERSUS  
21 FUNDS AVAILABLE?

22 CHAIRMAN KLEIN: WE ACTUALLY HAVE THE ABILITY  
23 TO DRAW DOWN MORE OVERHEAD IN OUR STAFFING PROCESS. WE  
24 SHOULD BRING BACK A FULL REPORT TO YOU AT THE NEXT  
25 MEETING TO EVALUATE BECAUSE WE'RE BEING CONSERVATIVE IN

1       HOW THESE NUMBERS ARE BEING STATED.

2                   DR. HALL:  THE 6 PERCENT IS OUR LIMIT BASED  
3       ON 195 MILLION.  SO THAT'S DEFINED IN THE PROPOSITION,  
4       SO THAT'S OUR LIMIT.  AND THEN WE HAVE TO WORK WITHIN  
5       THAT.  AND THE QUESTION IS WHAT DOES THAT MEAN?  DOES  
6       THAT MEAN WORK TO SUMMER WORK OR TO THE END OF THE  
7       CALENDAR YEAR?

8                   CHAIRMAN KLEIN:  I THINK THE BOARD NEEDS TO  
9       HAVE THE LEGAL PERSPECTIVE.  JAMES, COULD YOU DEFINE  
10      OUR LIMIT, PLEASE?

11                  MR. HARRISON:  SURE.  THE ANSWER IS ACTUALLY  
12      A LITTLE BIT DIFFERENT.  AS BOB HAS SAID, WE ARE BEING  
13      VERY CONSERVATIVE.  THE 6 PERCENT APPLIES TO THE  
14      PROCEEDS OF THE SALE OF BONDS.  INTERIM DEBT, SUCH AS  
15      THE BAN'S AND THE GENERAL FUND LOAN, THE 6 PERCENT  
16      LIMIT DOESN'T APPLY EXCEPT THAT IN THE AGGREGATE, ONCE  
17      THOSE FUNDS ARE REPAID WITH THE BOND PROCEEDS, WE CAN'T  
18      EXCEED THE 6-PERCENT LIMIT OVERALL.  BUT AS BOB SAID,  
19      WE'VE TRIED TO BE QUITE CONSERVATIVE AND LOOK AT THE  
20      MONEY WE'RE COMMITTING AS A WAY TO GAUGE WHAT WE'RE  
21      SPENDING ON ADMINISTRATION.

22                  CHAIRMAN KLEIN:  WE'LL BRING YOU A MORE  
23      COMPLETE REPORT, BUT BASICALLY WE DO HAVE FLEXIBILITY  
24      TO ADD TO SCIENTIFIC STAFF AND STAFF REQUIREMENTS THAT  
25      ARE NEEDED WITH SOME GOOD DISCIPLINE THAT LORI HOFFMAN



1     AND THE SCIENTIFIC STAFF CERTAINLY WILL EXERT ALONG  
2     WITH THE BOARD.

3             DR. FRIEDMAN:   JUST A COUPLE OF THINGS  
4     QUICKLY.  ONE IS THAT, AS BOARD MEMBERS, WE CERTAINLY  
5     DON'T WANT TO PUT OUR FINGERS INTO THE DAY-TO-DAY  
6     MANAGEMENT AND RUNNING OF THE ORGANIZATION.  THAT'S  
7     PROPERLY YOUR JOB.  IT IS, THOUGH, OUR OPPORTUNITY TO  
8     EXPRESS FULL SUPPORT AND TO REINFORCE THAT THIS IS A  
9     LONG-TERM COMMITMENT.  AND BUILDING THE STAFF, BUILDING  
10    THE SYSTEMS, DOING IT IN THE BEST POSSIBLE WAY IS  
11    SOMETHING THAT WE ENDORSE.  AND WE WANT YOU TO SPEND UP  
12    TO THE FULL LIMIT OF WHAT'S AVAILABLE.  HOW YOU DO  
13    THAT, I THINK, IS QUITE APPROPRIATELY YOUR JOB.  SO  
14    WE'RE NOT GOING TO TALK ABOUT SHOULD YOU HIRE ONE MORE  
15    OF THIS OR SHOULD YOU INVEST IN THIS SYSTEM.  BUT YOU  
16    GET A SENSE FROM US THAT WE UNDERSTAND HOW IMPORTANT  
17    THIS IS.

18            IF THIS IS GOING TO BE LONG-TERM EFFECTIVE,  
19    AND WE DO BETTER GRANTS AND BETTER RFA'S AND BETTER  
20    RESEARCH, THEN THE INVESTMENT THAT WE MAKE TODAY IN THE  
21    PEOPLE AND THE SYSTEMS IS GOING TO PAY A LOT OF  
22    DIVIDENDS DOWN THE ROAD.  SO THAT'S THE SENSE IN WHICH  
23    I THINK YOU'RE HEARING THIS COMMENTARY TODAY.  PLEASE  
24    DON'T SCRIMP INVESTING BY -- AND I DO THINK IT MAY BE  
25    VALUABLE AT SOME POINT TO HAVE SOME METRICS TO DISCUSS

1 WITH THE LEGISLATURE OR WITH THE POPULATION IN THE  
2 STATE TO TALK ABOUT COMPARATIVE PRODUCTIVITY. MY GUESS  
3 IS THAT FOR THE NUMBER OF STAFF THAT YOU HAVE, WE'VE  
4 BEEN OUTSTANDINGLY PRODUCTIVE ALREADY, BUT THAT'S NOT  
5 SOMETHING THAT YOU CAN TOLERATE LONG TERM. THESE ARE  
6 ACUTE SPRINTS, AND WE'RE IN FOR A MARATHON.

7 DR. WRIGHT: TOUGH ACT TO FOLLOW, MICHAEL. I  
8 JUST WOULD SUPPORT WHAT DR. FRIEDMAN JUST SAID, THAT  
9 WHAT YOU HEAR IS UNIVERSAL SUPPORT AROUND THE BOARD FOR  
10 GETTING YOU THE RESOURCES YOU NEED. SO WHAT WE NEED TO  
11 HEAR FROM YOU IS HOW THE BOARD CAN HELP WITH THAT.

12 DR. HALL: LET ME JUST MAKE THE POINT. IT IS  
13 MORE THAN JUST RESOURCES IN THE SENSE THAT WE CAN'T  
14 COME UP OVERNIGHT WITH AN I.T. SYSTEM, FOR EXAMPLE,  
15 THAT WILL CARRY OUT ALL OUR FUNCTIONS AND OUR GRANTS  
16 MANAGEMENT SYSTEM. SO THERE ARE SOME GREAT LIMITING  
17 FACTORS THAT WE HAVE TO DEAL WITH. AND ALSO, WE WANT  
18 TO BE SURE WE BUILD WELL AND BUILD WISELY AND NOT GET  
19 TOO FAR AHEAD OF OURSELVES. SO WE ARE AND WILL STILL  
20 BE FOR A BIT BUILDING THE CAR AS WE RUN THE RACE OR  
21 DRIVE THE RACE, HOWEVER THE METAPHOR GOES.

22 DR. FRIEDMAN: GET RUN OVER?

23 DR. HALL: THAT'S THE TRICK, AND WE WILL  
24 CERTAINLY DO THAT. I WANT TO SAY I'M VERY GRATEFUL FOR  
25 THE SUPPORT OF THE BOARD IN THIS MATTER AND IN TRYING

1 TO BUILD THINGS UP. WE APPRECIATE THAT VERY MUCH.

2 DR. WRIGHT: ZACH, I WOULD SAY THAT THE BOARD  
3 IS ONTO YOU GUYS NOW. WE KNOW THAT YOU DON'T SWEAT IN  
4 PUBLIC AND YOU DON'T EVEN SWEAT IN FRONT OF US, BUT  
5 THAT YOU'RE DOING ENORMOUS AMOUNTS OF WORK BEHIND THE  
6 SCENES. IF WE DON'T HAPPEN TO LET YOU KNOW HOW  
7 SUPPORTIVE WE ARE IN A REAL WAY, THEN WE'VE FAILED, AND  
8 THE PRODUCT IS AT RISK. SO LET US HELP YOU GET THE JOB  
9 DONE.

10 DR. HALL: I WILL POINT OUT, BY THE WAY, OUR  
11 CHAIRMAN POINTED THIS OUT ONCE BEFORE, AS FAR AS I  
12 KNOW, WE HAVEN'T POINTED IT OUT IN THIS MEETING, THE  
13 GOVERNOR MADE HIS ANNOUNCEMENT LAST JULY. AUGUST,  
14 SEPTEMBER, OCTOBER, NOVEMBER, DECEMBER, JANUARY,  
15 FEBRUARY, MARCH, EIGHT MONTHS LATER WE HAVE NOW GONE  
16 THROUGH TWO RFA'S AND PUT THESE OUT, AND WE'VE HANDLED  
17 300 APPLICATIONS. AND THIS IS A YEAR'S OR MORE  
18 WORKLOAD FOR AN NIH STUDY SECTION, WHICH IS THE EASIEST  
19 COMPARISON. AND THE LENGTH OF TIME BETWEEN ISSUING AN  
20 RFA AT NIH -- ARLENE, YOU'VE BEEN THERE MORE RECENTLY  
21 THAN I HAVE -- TO ACTUALLY ISSUING THE MONEY IS AT  
22 LEAST NINE MONTHS.

23 WE ARE INDEED -- WE THINK WE'RE VERY PROUD OF  
24 OUR ABILITY TO MOVE THIS THROUGH QUICKLY.

25 DR. CHIU: MAY I JUST SAY A FEW WORDS FOR THE

1 BOARD. AND THAT IS IT'S EXACTLY WHAT ZACH SAID. IT IS  
2 TRUE THAT AT THE NIH, IT'S COMPARABLE. WE'RE A LITTLE  
3 BIT FASTER THAN THEY ARE, ETC. WHAT'S NOT SEEN IS THAT  
4 THE NIH HAS HAD 50 YEARS OF DEVELOPING POLICIES, FORMS,  
5 APPLICATION SYSTEMS, MANPOWER, TRAINING PROGRAMS. SO  
6 THAT THEIR PEOPLE ARE UP TO SPEED, AND THEY'RE ALL  
7 BRACED READY FOR AN RFA. THEY'VE GOT BOILERPLATE FOR  
8 RFA. WE WORK THROUGH THOSE, HAVE TO THINK THOSE  
9 THROUGH, DESIGN THE APPLICATION FORM, DESIGN THE  
10 PROCESS, GATHER THE REVIEWERS TO SEE WHO'S AVAILABLE,  
11 GATHER THE WHOLE WORKING GROUP. AND WE BEG YOU FOR THE  
12 WORKING GROUP TO LET US KNOW AS SOON AS POSSIBLE TO  
13 MAKE COMMITMENTS ON TIME BECAUSE JUGGLING THE REVIEWERS  
14 TO GET THOSE 15 REVIEWERS ON BOARD, LET ALONE THE  
15 SPECIALISTS TO REVIEW THE GRANTS IN A RESPONSIBLE  
16 FASHION AND SCIENTIFICALLY ACCURATE FASHION, ALL THOSE  
17 ARE INGREDIENTS IN THIS. AND THIS IS WHERE WE'D REALLY  
18 LIKE YOUR SUPPORT IN HELPING US AND PERHAPS EVEN  
19 DELEGATING A LITTLE BIT OF AUTHORITY SO WE CAN MOVE  
20 FASTER WITHOUT BRINGING EVERY LITTLE STEP TO THE BOARD  
21 FOR APPROVAL, THAT EVENTUALLY WE MIGHT BUILD SOME LEVEL  
22 OF TRUST SO THAT WE CAN MOVE AHEAD BECAUSE THE TWO ROCK  
23 AND A HARD PLACE OF SPEED, BUT APPROVAL, THAT'S WHAT  
24 I'D LIKE TO BRING TO YOUR ATTENTION.

25 CHAIRMAN KLEIN: I'D LIKE TO SAY THAT WE'RE

1 GOING TO NEED TO MOVE AGGRESSIVELY ON ADDITIONAL STAFF  
2 IN THE CHAIRMAN'S OFFICE, OR WE'LL NOT BE ABLE TO STAFF  
3 THE BOARD AND ITS COMMITTEES. WHEN MELISSA AND JENNA  
4 WORK TILL 4 A.M. TO GET BOARD MEETINGS TOGETHER, IT'S  
5 NOT SUSTAINABLE. ADDITIONALLY, WE WILL NOT, I'LL MAKE  
6 AN UNEQUIVOCAL STATEMENT, MAKE OUR BOND ISSUANCE  
7 DEADLINES WITHOUT THE TECHNICAL STAFF WITH THE CAPACITY  
8 TO HELP MOVE THAT PRIORITY. ISSUING THESE BONDS IS A  
9 DIFFERENT EXERCISE THAN STANDARD GO BONDS BECAUSE WE  
10 ARE FUNDING MEDICAL RESEARCH FOR THE FIRST TIME IN THE  
11 HISTORY OF THE UNITED STATES AS INTELLECTUAL PROPERTY.  
12 SO THE WAY WE STRUCTURE THOSE BONDS IS CRITICALLY  
13 IMPORTANT.

14 THE GENERATION THAT WAS IN THE TREASURER'S  
15 OFFICE THAT LAUNCHED NEW PROGRAMS IS NOT THERE. THEY  
16 ARE TREMENDOUS PEOPLE. THEY'RE WORKING WITH US. THEY  
17 ARE COMMITTED, BUT IT WILL TAKE -- IT WILL BE A TASK.  
18 THE BAN'S WERE THE FIRST IN THE HISTORY OF THE STATE  
19 SINCE ITS INCEPTION. THE KEY HERE IS WE HAVE HIGHLY  
20 TECHNICAL LEGAL AND FINANCIAL OBJECTIVES, INCLUDING  
21 PROBABLY EIGHT DIFFERENT IRS OPINIONS FOR EIGHT  
22 DIFFERENT CLASSES OF GRANTS AND LOANS, ALL OF WHICH  
23 NEED TO BE SEPARATELY PROCESSED AND COORDINATED WITH  
24 THE SCIENTIFIC PROGRAMS TO MAKE SURE WE'RE SERVING THE  
25 SCIENCES SO THAT THE WAY THEY WANT TO STRUCTURE AND THE

1 IP GROUPS WANT TO STRUCTURE FOR IP REASONS AND FOR  
2 SCIENTIFIC REASONS ARE PROPERLY ACCOMMODATED. FINANCE  
3 MUST ACCOMMODATE THE SCIENCE MUST ACCOMMODATE THE  
4 DIFFERENT CONSTITUENCIES.

5 DR. HENDERSON: IT MIGHT BE HELPFUL TO YOU TO  
6 CONSIDER HOW BEST TO USE TELEPHONE REVIEWS GOING  
7 FORWARD. AND FOR YOU TO BRING TO US SOME DRAFT IDEAS  
8 OF HOW YOU'D LIKE TO DO THAT BECAUSE I THINK THAT WOULD  
9 OPEN UP A LOT OF OPPORTUNITIES TO EXPEDITE REVIEWS,  
10 SAVE MANPOWER TIME AND TRAVEL. AND I THINK IT'S A VERY  
11 APPROPRIATE WAY TO DO REVIEWS.

12 DR. CHIU: IF IT IS ACCEPTABLE TO THE BOARD,  
13 WE WILL TRY TO COME UP WITH A SERIES OF IDEAS THAT  
14 WOULD MAKE THE PROCESS LESS ONEROUS, AND THAT WOULD BE  
15 WITHIN PROPOSITION 71 SO THAT IT IS LEGAL AND THAT WE  
16 CAN GET IT DONE AS QUICKLY AND WITH AS LITTLE PAIN AS  
17 POSSIBLE TO THE REVIEWERS SO THAT THEY DO WHAT THEY DO  
18 BEST AND GET IT DONE TO US AND THAT WE CAN FORWARD  
19 THEIR RECOMMENDATIONS TO THE BOARD.

20 DR. HENDERSON: CERTAINLY ENDORSE THAT.

21 CHAIRMAN KLEIN: OKAY. JOAN SAMUELSON.

22 MS. SAMUELSON: A QUICK THOUGHT. IN THINKING  
23 ABOUT THAT, AND THEN I WAS THINKING ABOUT THE  
24 INFORMATION TECHNOLOGY ISSUE ZACH MENTIONED A LITTLE  
25 BIT AGO, THINK BIG BECAUSE THERE MAY WELL BE PARTNERS

1     THAT WE HAVEN'T REACHED OUT TO IN THE STATE, IN THIS  
2     NATION STATE THE GOVERNOR TALKS ABOUT, WHO COULD  
3     PERHAPS FINANCE SOME OF THIS AND PERHAPS PROVIDE YOU  
4     WITH TECHNOLOGY BEYOND WHAT WE MIGHT OTHERWISE THINK IS  
5     POSSIBLE.  FOR EXAMPLE, ONE OF THE TWO FOUNDERS OF  
6     GOOGLE HAS A PARENT WITH PARKINSON'S DISEASE.  I'LL BET  
7     HE REALLY WANTS US TO DO A GOOD JOB.  WHO KNOWS WHAT  
8     TALENT THERE MIGHT BE WITHIN THAT SHOP THAT MIGHT HELP  
9     SOMETHING, SOME NEED.

10           CHAIRMAN KLEIN:  OKAY.  THANK YOU.  NOW, AT  
11     THE DISCRETION OF THE CHAIR, WE'VE LIBERALLY ACCEPTED  
12     COMMENTS RELATED TO THIS MOTION, BUT WE NEED TO MOVE ON  
13     THIS MOTION.  IF THERE'S NO MORE COMMENTS, COULD THE  
14     MOTION PLEASE BE RESTATED.

15           MR. HARRISON:  THE MOTION IS TO CLOSE OFF  
16     FUNDING OF THE COMPREHENSIVE GRANTS; THAT IS, THE  
17     REMAINING APPLICATIONS WITHIN TIER 2.  AND WE SHOULD  
18     SEE IF THERE'S PUBLIC COMMENT AS WELL.

19           CHAIRMAN KLEIN:  PUBLIC COMMENT?  I'D LIKE TO  
20     INDICATE THAT IN YOUR VOTE, IT'S VERY IMPORTANT TO  
21     STATE, AGAIN, THAT YOU ARE VOTING EXCEPT FOR THOSE IN  
22     WHICH YOU HAVE A CONFLICT.  ROLL CALL.

23           MS. KING:  RICARDO AZZIZ.

24           DR. AZZIZ:  YES.

25           MS. KING:  EXCEPT FOR THOSE WITH WHICH YOU

1 HAVE A CONFLICT.

2 DR. AZZIZ: LET ME COME BACK TO THAT FOR THE  
3 RECORD. YES, EXCEPT FOR THOSE THAT I HAVE A CONFLICT  
4 WITH.

5 MS. KING: DAVID BALTIMORE.

6 DR. BALTIMORE: YES, EXCEPT FOR THOSE WHICH  
7 I'M CONFLICTED -- ON WHICH I AM CONFLICTED -- FOR WHICH  
8 I AM CONFLICTED.

9 MS. KING: ROBERT PRICE.

10 DR. PRICE: I ABSTAIN.

11 MS. KING: DAVID BRENNER.

12 DR. BRENNER: YES, EXCEPT FOR THOSE WITH  
13 WHICH I AM CONFLICTED.

14 MS. KING: MICHAEL FRIEDMAN.

15 DR. FRIEDMAN: YES, WITH THE EXCEPTION OF THE  
16 CONFLICTING ONES.

17 CHAIRMAN KLEIN: THIS IS THE EASIEST PART OF  
18 THE JOB.

19 MS. KING: MICHAEL GOLDBERG.

20 MR. GOLDBERG: YES, EXCEPT OF THOSE FOR WHICH  
21 I HAVE A CONFLICT.

22 MS. KING: BRIAN HENDERSON.

23 DR. HENDERSON: YES, EXCEPT WHERE CONFLICTED.

24 MS. KING: BOB KLEIN.

25 CHAIRMAN KLEIN: YES.



1 MS. KING: SHERRY LANSING.  
2 MS. LANSING: YES, EXCEPT OF THOSE FOR WHICH  
3 I'M CONFLICTED AND ALSO HAD TO ABSTAIN.  
4 MS. KING: TED LOVE.  
5 DR. LOVE: I'M JUST CONFLICTED. YES.  
6 MS. KING: THE VOTE IS YES FOR THE RECORD.  
7 RICHARD MURPHY.  
8 DR. MURPHY: YES, EXCEPT FOR THOSE FOR WHICH  
9 I AM CONFLICTED.  
10 MS. KING: TINA NOVA.  
11 DR. NOVA: YES.  
12 MS. KING: ED PENHOET.  
13 DR. PENHOET: YES, EXCEPT THOSE FOR WHICH I  
14 HAVE A CONFLICT.  
15 MS. KING: PHIL PIZZO.  
16 DR. PIZZO: YES, EXCEPT FOR WHICH I HAVE A  
17 CONFLICT.  
18 MS. KING: CLAIRE POMEROY.  
19 DR. POMEROY: YES, EXCEPT FOR THOSE FOR WHICH  
20 I HAVE A CONFLICT.  
21 MS. KING: FRANCISCO PRIETO.  
22 DR. PRIETO: YES.  
23 MS. KING: JEANNIE FONTANA.  
24 DR. FONTANA: YES, EXCEPT FOR THOSE I HAVE A  
25 CONFLICT WITH.

1 MS. KING: DUANE ROTH.  
2 MR. ROTH: YES.  
3 MS. KING: JOAN SAMUELSON.  
4 MS. SAMUELSON: YES.  
5 MS. KING: JEFF SHEEHY.  
6 MR. SHEEHY: YES, EXCEPT FOR THOSE WITH WHICH  
7 I HAVE A CONFLICT OR FOR WHICH I AM ABSTAINING.  
8 MS. KING: OSWALD STEWARD.  
9 DR. STEWARD: YES, EXCEPT FOR THOSE WITH  
10 WHICH I HAVE A CONFLICT.  
11 MS. KING: JANET WRIGHT.  
12 DR. WRIGHT: YES.  
13 CHAIRMAN KLEIN: MOTION PASSES.  
14 ALL RIGHT. WE HAVE AN OPPORTUNITY AT THIS  
15 POINT FOR AN EXECUTIVE SESSION DEALING WITH LITIGATION  
16 AND PERSONNEL. THE CODE SECTIONS ARE 11126 IN BOTH  
17 CASES, WITH THE LITIGATION COVERING ALL LITIGATION  
18 FACING THIS AGENCY. AND, COUNSEL, IS THERE A NEED TO  
19 READ THE CASES?  
20 MR. HARRISON: NO. THAT'S NOT NECESSARY.  
21 IT'S REFLECTED ON THE AGENDA, AND YOU'VE CITED THE CODE  
22 SECTION.  
23 CHAIRMAN KLEIN: SO WE WILL, THEREFORE,  
24 ADJOURN TO CLOSED SESSION. IT'S BEEN CALLED TO MY  
25 ATTENTION, THOUGH, THAT BEFORE ADJOURNING, WE CAN

1 PROBABLY CONSIDER VERY QUICKLY ITEM NO. 8, WHICH WE  
2 WERE NOT CONSIDERING YESTERDAY.

3 DR. HALL: THESE DEAL WITH SOME PROTOCOLS FOR  
4 THE GRANTS WORKING GROUP, WHICH ARE MEANT TO FACILITATE  
5 ITS OPERATIONS. AND THEY WERE CONSIDERED AT THE LAST  
6 WORKING GROUP, AND SCOTT TOCHER WILL TAKE US THROUGH  
7 THOSE.

8 MR. TOCHER: THAT'S RIGHT. AT THE JANUARY  
9 8TH GRANTS WORKING GROUP MEETING WHERE IT MET TO  
10 CONSIDER RECOMMENDATIONS FOR THE COMPREHENSIVE  
11 APPLICATIONS, IN THE PUBLIC SESSION THREE AREAS OF THE  
12 SORT OF MEMBERSHIP POLICIES COMPRISING THE MEMBERSHIP  
13 OF THE WORKING GROUP WERE CONSIDERED. THOSE ARE  
14 IDENTIFIED IN THE AGENDA. AND I'M HERE TO REPORT THAT  
15 THE WORKING GROUP MADE A RECOMMENDATION TO THE ICOC,  
16 THAT THE ICOC AMEND THE GRANTS WORKING GROUP BYLAWS TO  
17 ALLOW THE CHAIR OF THE GRANTS WORKING GROUP TO  
18 DESIGNATE A FELLOW SCIENTIFIC MEMBER TO SERVE AS HIS OR  
19 HER ALTERNATE DURING THE SCIENTIFIC REVIEW DURING  
20 GRANTS REVIEW MEETINGS IN THE ABSENCE OF THE CHAIR.

21 AND THERE WAS NO RECOMMENDATION MADE ON THE  
22 FOLLOWING TWO SUBJECTS, WHICH WAS A DESIGNATION OF THE  
23 ICOC PATIENT ADVOCATE BY THE VICE CHAIR TO SERVE AS HIS  
24 OR HER ALTERNATE VICE CHAIR IN HIS OR HER ABSENCE. AND  
25 SIMILARLY, THERE WAS NO RECOMMENDATION MADE REGARDING

1 THE DESIGNATION OF OTHER PATIENT ADVOCATE MEMBERS OF  
2 THE ICOC AS ALTERNATES FOR THE PATIENT ADVOCATE MEMBERS  
3 OF THE GRANTS WORKING GROUP.

4 SO, AGAIN, THE RECOMMENDATION TO THE ICOC IS  
5 THAT YOU AMEND THE GRANTS WORKING GROUP BYLAWS TO ALLOW  
6 THE CHAIR TO DESIGNATE HIS OR HER ALTERNATE IN HIS OR  
7 HER ABSENCE DURING THE SCIENTIFIC REVIEW.

8 CHAIRMAN KLEIN: THERE WAS A RECOMMENDATION  
9 AS TO THE CHAIR. I'D LIKE TO ADDRESS THE VICE CHAIR  
10 FOR HER COMMENTS ON THIS.

11 MS. SAMUELSON: I THINK THERE WAS COMPLETE  
12 SUPPORT OF THE WORKING GROUP FOR THAT ITEM, AND IT  
13 MAKES GREAT SENSE.

14 DR. HALL: LET ME JUST MAKE A COMMENT, BOB,  
15 TO EXPLAIN. IT'S NOT ONLY IF THE PERSON IS OUT OF THE  
16 ROOM FOR SOME REASON, BUT DR. STUART ORKIN OF HARVARD,  
17 WHO'S BEEN VERY GENEROUS WITH HIS TIME FOR THIS, IS NOT  
18 ABLE TO MAKE OUR NEXT FACILITIES, THE ONE THAT WILL  
19 CONSIDER OUR SHARED FACILITIES. AND WE, THEREFORE,  
20 NEED THIS IN ORDER TO HAVE SOMEBODY PRESIDE OVER IT IN  
21 HIS ABSENCE. AND SO THAT'S THE POINT.

22 CHAIRMAN KLEIN: AND THAT, OF COURSE, APPLIES  
23 WITH THE VICE CHAIR AS WELL.

24 DR. HALL: YES.

25 CHAIRMAN KLEIN: SO IS ANYONE PREPARED TO

1 MAKE A RECOMMENDATION FOR APPROVAL ON 8(A)?  
2 DR. HENDERSON: SO MOVED.  
3 DR. LOVE: SECOND.  
4 CHAIRMAN KLEIN: SO MOVED BY DR. HENDERSON;  
5 SECOND BY DR. LOVE. THIS IS 8(A). DISCUSSION?  
6 DISCUSSION FROM THE PUBLIC? VOICE VOTE. ALL IN FAVOR.  
7 OPPOSED? CARRIES.  
8 IN TERMS OF 8(B), JOAN, WOULD YOU LIKE TO  
9 ADDRESS THAT?  
10 MS. SAMUELSON: SURE. WE ACTUALLY HAVE BEEN  
11 DOING THIS INFORMALLY, AS YOU PROBABLY WITNESSED. JEFF  
12 SHEEHY HAS BEEN SERVING EXTREMELY ABLY WHEN I HAVEN'T  
13 BEEN ABLE TO BE IN ATTENDANCE. I'M GRATEFUL TO HIM FOR  
14 THAT AND APPRECIATIVE OF HIS TALENTS, I SHOULD SAY.  
15 AND SO I WOULD LIKE US TO HAVE THAT PROCEDURE AVAILABLE  
16 SO THAT I COULD DESIGNATE AN ALTERNATE.  
17 CHAIRMAN KLEIN: SO YOU ARE MAKING THE MOTION  
18 TO ADOPT THAT PROCEDURE?  
19 MS. SAMUELSON: YES.  
20 CHAIRMAN KLEIN: IS THERE A SECOND?  
21 DR. WRIGHT: SECOND.  
22 CHAIRMAN KLEIN: SECOND, DR. WRIGHT.  
23 DISCUSSION? DISCUSSION FROM THE PUBLIC? VOICE VOTE.  
24 ALL IN FAVOR. OPPOSED. CARRIES.  
25 THE PROBLEM WITH 8(C), JAMES, COULD YOU JUST

1 EXPLAIN FOR THE BENEFIT OF THE AUDIENCE?

2 MR. HARRISON: I MAY MISUNDERSTAND THE IMPORT  
3 OF THIS PROVISION. AS I READ IT, IT'S NOT INTENDED TO  
4 PERMIT THE PATIENT ADVOCATE MEMBERS TO APPOINT  
5 ALTERNATES OUTSIDE OF THE ICOC, BUT RATHER TO APPOINT  
6 ANOTHER PATIENT ADVOCATE ON THE ICOC TO SERVE AS AN  
7 ALTERNATE.

8 CHAIRMAN KLEIN: BUT WE NEED A PROCEDURE IN  
9 PLACE TO MAKE THAT APPOINTMENT.

10 MR. HARRISON: CORRECT.

11 CHAIRMAN KLEIN: AND THE RECOMMENDATION TO  
12 DATE WAS THAT THE CHAIR OF THE COMMITTEE ADOPT A  
13 PROCEDURE TO APPOINT THE REPLACEMENT SO THAT WE CAN  
14 HAVE A FULL CONTINGENT OF PATIENT ADVOCATES, CORRECT?

15 DR. HALL: THERE'S NO RECOMMENDATION AS FAR  
16 AS PROCEDURE GOES IN THIS. THE POSSIBILITY WOULD BE TO  
17 HAVE THE INDIVIDUAL MEMBER CHOOSE AMONG THE OTHER  
18 MEMBERS OF THE GROUP HERE. IT IS FOR US AN IMPORTANT  
19 ISSUE BECAUSE IT'S A QUORUM ISSUE.

20 CHAIRMAN KLEIN: I UNDERSTAND COMPLETELY THE  
21 ISSUE, BUT THERE IS NO RECOMMENDATION HERE AT THIS  
22 POINT OF WHETHER IT'S THE CHAIR OR THE MEMBER WHO  
23 CHOOSES THEIR REPLACEMENT. AND DOES THE VICE CHAIR  
24 HAVE A RECOMMENDATION?

25 MS. SAMUELSON: MY RECOMMENDATION IS THAT THE

1 INDIVIDUAL PATIENT ADVOCATE HAVE THE DISCRETION TO  
2 CHOOSE AN ALTERNATE.

3 CHAIRMAN KLEIN: ALL RIGHT. IS THAT A  
4 MOTION?

5 MS. SAMUELSON: YES.

6 DR. WRIGHT: SECOND.

7 CHAIRMAN KLEIN: SECOND, DR. WRIGHT.  
8 DISCUSSION? DISCUSSIONS FROM THE PUBLIC?

9 MS. SAMUELSON: I'D LIKE TO SAY, AND THIS IS  
10 THE SAME PROBLEM THAT WE'RE FACING WITH THE SCIENTIFIC  
11 MEMBERS, THE DEMANDS ON THE PATIENT ADVOCATES WHO SERVE  
12 ON THE WORKING GROUPS IS EXTRAORDINARY, ESPECIALLY IN  
13 LIGHT OF THE MANY OTHER DEMANDS OF THE ICOC ASIDE FROM  
14 THE LIFE CIRCUMSTANCES WE ARE DEALING WITH AND SO ON.  
15 WE NEED TO SEE IF THERE ARE ANY OTHER WAYS WE CAN SOLVE  
16 THAT TO SUPPORT THE PATIENT ADVOCATE MEMBERS SO THEY  
17 CAN BRING TO THE PROCESS WHAT THEY UNIQUELY HAVE. AND  
18 SUCH THINGS AS SOME STAFF SUPPORT FOR THEIR EFFORTS AND  
19 WHATEVER ELSE WE CAN DO TO ENABLE THEM TO BE EFFICIENT  
20 ABOUT THEIR TIME.

21 CHAIRMAN KLEIN: THAT'S RIGHT. COUNSEL, WHAT  
22 I WAS, FOR THE BENEFIT OF THE AUDIENCE, TRYING TO POINT  
23 OUT IS THAT THIS IS NOT THE SAME AS HAVING AN ALTERNATE  
24 ON THE BOARD OF A PATIENT ADVOCATE. THIS IS A PATIENT  
25 ADVOCATE MERELY DESIGNATING ANOTHER PATIENT ADVOCATE

1 ALSO QUALIFIED TO SERVE TO SERVE IN THEIR PLACE. SO  
2 THAT IS THE DISTINCTION --

3 MS. LANSING: NOT ON THE BOARD, JUST ON THE  
4 WORKING GROUP, RIGHT?

5 CHAIRMAN KLEIN: THIS IS SOMEONE WHO CAN  
6 SERVE ON THE WORKING GROUP WHO IS ALREADY QUALIFIED AS  
7 A PATIENT ADVOCATE ON THE BOARD. IT'S VERY IMPORTANT.

8 MS. SAMUELSON: IT'S ONE OF THE OTHER ICOC  
9 MEMBERS.

10 MS. LANSING: ONLY AN ICOC MEMBER. I GOT IT.  
11 GREAT.

12 CHAIRMAN KLEIN: THAT'S WHAT I WAS TRYING TO.

13 DR. PENHOET: FOR THIS PURPOSE, WHAT IS THE  
14 DEFINITION OF A PATIENT ADVOCATE?

15 MR. HARRISON: THE PATIENT ADVOCATES ARE  
16 DEFINED IN THE ACT ITSELF AS THE APPOINTMENTS MADE BY  
17 THE GOVERNOR, SO THE VICE CHAIR AND THE CHAIR QUALIFY  
18 AS PATIENT ADVOCATES, AS WELL AS THE MEMBERS APPOINTED  
19 FROM AMONG CALIFORNIA-BASED PATIENT ADVOCACY  
20 ORGANIZATIONS.

21 CHAIRMAN KLEIN: APPOINTED BY THE  
22 CONSTITUTIONAL OFFICERS AS WELL AS BY THE SPEAKER AND  
23 THE PRESIDENT PRO TEM.

24 MR. HARRISON: CORRECT.

25 MS. SAMUELSON: THIS ISN'T ADDITIONAL NEW



1 PEOPLE. THIS IS JUST DRAWN FROM THE ICOC MEMBERS.

2 CHAIRMAN KLEIN: THAT'S RIGHT. I'M TRYING TO  
3 MAKE SURE WE ALL UNDERSTAND WITH DISCRIMINATION AT THIS  
4 POINT.

5 DR. PENHOET: I BRING IT UP BECAUSE I'M  
6 DEFINED APPARENTLY AS A PATIENT ADVOCATE. I COULD  
7 SERVE IN THIS CAPACITY. IF ANY OF YOU CHOOSE TO ASK ME  
8 TO DO SO, I WOULD BE HAPPY TO SIT IN FOR YOU.

9 CHAIRMAN KLEIN: AFTER 80 MEETINGS, I WANT TO  
10 TELL YOU IT'S IMPRESSIVE TO GET A VOLUNTEER. OKAY.

11 SO THE MEASURE, I THINK, IS NOW UNDERSTOOD.  
12 QUESTIONS OR DISCUSSION FROM THE BOARD? DISCUSSION BY  
13 THE PUBLIC?

14 MR. SIMPSON: JOHN SIMPSON, FOUNDATION FOR  
15 TAXPAYER AND CONSUMER RIGHTS. I'D LIKE TO SPEAK IN  
16 FAVOR OF THIS. IT NEEDS TO BE PASSED, AND I THINK YOU  
17 NEED TO DO MORE TO SUPPORT THE PATIENT ADVOCATES IN  
18 OTHER WAYS. I THINK THE POSSIBILITIES, AGAIN, OF  
19 TELECONFERENCING AND VIDEOCONFERENCING COULD DO  
20 SOMETHING TO THAT EFFECT. THANK YOU.

21 CHAIRMAN KLEIN: THANK YOU, JOHN. OKAY.  
22 WITHOUT FURTHER DEBATE, VOICE VOTE. ALL IN FAVOR.  
23 OPPOSED. MOTION PASSES.

24 WE ARE NOW GOING TO ADJOURN TO EXECUTIVE  
25 SESSION. WE ARE GOING TO HAVE LUNCH DURING EXECUTIVE

1     SESSION.  SO I WOULD EXPECT THIS WILL TAKE US  
2     APPROXIMATELY AN HOUR TO AN HOUR AND 15 MINUTES.  AN  
3     HOUR.  THAT'S IT.  THANK YOU.

4                     (A RECESS WAS TAKEN.)

5                     (ALTERNATE BOARD MEMBER DAVID MEYER FOR  
6     RICARDO AZZIZ IS PRESENT.)

7             CHAIRMAN KLEIN:  THE MEETING IS RECONVENED.  
8     THERE IS NO ACTION TO REPORT FROM THE EXECUTIVE  
9     SESSION.  I'D LIKE TO ORIENT THE BOARD TO THE MATERIALS  
10    IN THE BINDER AND OUR SEQUENCE HERE.  THE NEXT ITEM IS  
11    THE CONSIDERATION OF THE REPORT FROM THE PRESIDENTIAL  
12    SEARCH SUBCOMMITTEE.

13            MS. KING:  BEFORE WE START, I WOULD LIKE TO  
14    STATE FOR THE RECORD THAT DR. DAVID MEYER IS JOINING US  
15    AS ALTERNATE FOR DR. AZZIZ.

16            CHAIRMAN KLEIN:  ALL RIGHT.  THANK YOU VERY  
17    MUCH.

18            WE ARE GOING TO GO INTO ITEM 17.  NO. 18 WILL  
19    BE MOVED TO THE END.  WE WILL NOT TAKE ACTION ON THAT  
20    TODAY.  NO. 19 WILL BE MOVED UP IMMEDIATELY AFTER ITEM  
21    17.  AND IT SHOULD BE KNOWN APPROPRIATELY THAT THE  
22    INTERNAL GOVERNANCE POLICY IS GOING TO BE ALSO  
23    ADDRESSED IN THE PRESENTATION.  IT WAS AN APPENDIX TO  
24    OUR SEARCH SPECIFICATION WHEN WE DID THE SEARCH LAST  
25    TIME.  IT WAS THE INTENTION TO BE AN APPENDIX TO THAT

1     THIS TIME.   BUT THE INTERNAL GOVERNANCE COMMITTEE  
2     RECOMMENDATIONS ARE APPROPRIATE TO DISCUSS IN THE  
3     CONTEXT OF ITEM 17 AS WELL AS IN CONTEXT OF ITEM 19,  
4     FOR EVERYONE'S INFORMATION.

5                 IF LISA PIEPER, WOULD YOU INTRODUCE YOUR  
6     TEAM.   AND I WILL SAY THAT WE HAD, AS A REPORT, WE HAD  
7     FOUR COMPETITORS THAT THE SEARCH COMMITTEE LOOKED AT  
8     FOR THE EXECUTIVE SEARCH FIRM TO HELP THE PRESIDENTIAL  
9     SEARCH COMMITTEE.   OF THOSE FOUR, THERE WAS A VOTING  
10    PROCEDURE LAID OUT IN THE REQUEST FOR PROPOSALS.   AND  
11    THE RESULTS WERE, WHETHER FROM A NUMERICAL SCORE OR BY  
12    NUMBER OF FIRST PLACE CHOICES, THE EXECUTIVE SEARCH  
13    FIRM OF SPENCERSTUART WON ON BOTH COUNTS.

14                THEY HAVE PREPARED A MORE GENERAL DESCRIPTION  
15    THAT DESCRIBES CONCEPTUALLY THE JOB GOALS, MISSION, AND  
16    CRITERIA THAT IS IN THE SEARCH SPECIFICATION.   AND  
17    AS I SAID, AS LAST TIME, THERE IS AN INTERNAL  
18    GOVERNANCE ITEM TO BE ACTED ON AS THE NEXT ITEM THAT  
19    WILL BECOME THE APPENDIX TO THAT.

20                LISA PIEPER WILL ALSO, THEN, LEAD US THROUGH  
21    A SESSION WHERE WE WILL PROVIDE INPUT ON THE RELATIVE  
22    WEIGHTING OF DIFFERENT CHARACTERISTICS OF THE NEXT  
23    PRESIDENT.   THAT RELATIVE WEIGHTING ANALYSIS SHE WILL  
24    EXPLAIN, AND YOU SHOULD HAVE A DISTRIBUTED COPY OF  
25    ESSENTIALLY A SCORING PREFERENCE SHEET.   THIS IS

1 GUIDANCE. WITH 29 MEMBERS OF THE BOARD, IN ORDER TO  
2 HAVE AN ARTICULATED WEIGHTING OF PREFERENCES FOR  
3 CERTAIN CHARACTERISTICS, WHETHER IT BE CLINICAL  
4 LEADERSHIP EXPERIENCE OR INDUSTRY LEADERSHIP EXPERIENCE  
5 OR ACADEMIC LEADERSHIP EXPERIENCE, THE WEIGHTING SYSTEM  
6 ALLOWS THE SEARCH FIRM TO HAVE A MATRIX WHERE THEY SEE  
7 IN DETAIL WHAT THE PREFERENCES ARE. IT'S HARD WITH  
8 DICHOTOMOUS DECISIONS YES OR NO TO GET ANY SENSE OF  
9 WEIGHTING BETWEEN THE CRITERIA.

10 DR. PIEPER: GOOD AFTERNOON. THANK YOU VERY  
11 MUCH. WE'RE VERY PLEASED TO BE HERE. IN ADDITION TO  
12 MYSELF, BEN HOLZEMER, NICOLE KYNER, AND CHRISTINE  
13 JOHNSON ARE PART OF THE SPENCERSTUART TEAM. AND MIMI  
14 HANCOCK, WHOM MANY OF YOU MET LAST TIME, IS ALSO  
15 INVOLVED IN THE SEARCH.

16 WHAT I WANTED TO FIRST CALL OUT IS A SET OF  
17 ASSUMPTIONS WE'VE MADE ON YOUR BEHALF SO THAT WE CAN  
18 VALIDATE WHETHER OR NOT THOSE WERE CORRECT ASSUMPTIONS.  
19 AND THAT WAS THAT THERE WAS SOME URGENCY ATTACHED TO  
20 ARRIVING AT THE SELECTION OF A FINALIST IN AS EXPEDIENT  
21 A FASHION AS POSSIBLE. AND THE TIME LINE THAT WAS PART  
22 OF OUR PROPOSAL TOOK BASICALLY AS A PRIMARY ASSUMPTION  
23 THE DESIRE TO HAVE AT YOUR JUNE MEETING THE  
24 PRESENTATION TO THE ICOC OF THE SEARCH COMMITTEE'S  
25 SELECTION OF THE SEMIFINALISTS.

1                   SO IF WE START FROM THAT POINT AND THAT  
2   ASSUMPTION AND BACK UP TO THE PRESENT, WE HAVE CREATED,  
3   IF YOU WILL, A SCHEDULE OF EVENTS THAT TRACK VERY MUCH  
4   THE LAST PROCESS WE USED, BUT, FRANKLY, ARE IN A QUITE  
5   COMPRESSED TIMELINE FOR US TO DELIVER THE SAME PROCESS  
6   TO YOU WITH THE SAME DESIRED OUTCOME. WE HAVE SOME  
7   FAIRLY AMBITIOUS GOALS BAKED INTO THIS PROCESS. AND  
8   MANY OF YOU WHO'VE BEEN THROUGH A NUMBER OF SEARCH  
9   COMMITTEE-LED SEARCHES WILL UNDERSTAND SOME OF THE  
10  PRESSURES THAT PLACES ON ALL OF US TO MEET THE DEMANDS  
11  INHERENT IN THIS SCHEDULE.

12                  WHAT WE HAVE BASICALLY GIVEN OURSELVES BY  
13  THIS PROPOSAL, ASSUMING THAT, AGAIN, IT WOULD BE AT  
14  YOUR JUNE MEETING THAT YOU MAKE A FINAL DECISION, IS  
15  ABOUT A FOUR- TO FIVE-WEEK PERIOD STARTING NOW BEFORE  
16  WE WOULD HAVE TO COME FORWARD WITH THE LONG LIST OF  
17  CANDIDATES. SO THAT MEANS A STRATEGY FROM ALL OF YOU  
18  THAT WE WOULD FOLLOW TO GO AND REACH OUT TO THE  
19  PROSPECTIVE CANDIDATES FOR THIS POSITION AND COME BACK  
20  IN THAT PERIOD OF TIME WITH THE LONG LIST, THE  
21  CREDENTIALS REVIEW, FOR ALL OF THOSE INDIVIDUALS WHO  
22  HAVE AGREED TO SHARE CONFIDENTIALLY THEIR DOCUMENTS  
23  WITH THE SUBCOMMITTEE AT THAT POINT. THEN, AGAIN,  
24  ANOTHER THREE AND A HALF TO FOUR WEEKS LATER, THESE  
25  INDIVIDUALS, HAVING BEEN INTERVIEWED BY SPENCERSTUART,

1 WOULD COME FORWARD TO COMMITTEE INTERVIEWS WITH THE  
2 SUBCOMMITTEE.

3 AND AFTER THAT, WE WOULD THEN HAVE A FAIRLY  
4 TIGHT WINDOW SHOULD THE SEARCH COMMITTEE ELECT TO DO AS  
5 THEY HAD PROPOSED LAST TIME, AND THAT WAS TO SEND OUT  
6 PAIRS OF THAT SUBCOMMITTEE TO MEET IN PERSON WITH THE  
7 SEMIFINALISTS THAT ARE SELECTED OUT OF THOSE SHORT-LIST  
8 COMMITTEE INTERVIEWS.

9 IT'S A LOT OF TERMINOLOGY, AND I'M HAPPY TO  
10 CLARIFY FURTHER. BUT THIS IS THE PROCESS THAT WE THEN  
11 WOULD HAVE TO FOLLOW TO ALLOW FOR THE SEARCH  
12 SUBCOMMITTEE TO PRESENT TO ALL OF YOU AT YOUR JUNE  
13 MEETING THE SEMIFINALISTS FROM WHICH YOU WOULD SELECT  
14 THE ULTIMATE CANDIDATE AND ZACH HALL'S SUCCESSOR.

15 WITH THAT IN MIND, WE'VE TRIED TO THINK,  
16 SINCE THE DAY THAT WE UNDERSTOOD WE WOULD BE COMING  
17 BACK TO HELP YOU WITH THIS SEARCH, HOW WE MIGHT  
18 ACCELERATE THINGS. OBVIOUSLY WE CAN LEVERAGE THE WORK  
19 WE'VE DONE BEFORE ON YOUR BEHALF. WHAT WE'VE DONE IN  
20 PREPARING THE DRAFT SPEC, AS BOB KLEIN HAS JUST SAID,  
21 WOULD HAVE THE GOVERNANCE POLICY AS A PART OF ANY FINAL  
22 DOCUMENT SENT OUT TO PROSPECTIVE CANDIDATES. WE TOOK  
23 THE PREVIOUS POSITION DESCRIPTION, OR SPEC IN OUR  
24 VERNACULAR, AND MADE A FEW MODIFICATIONS, OBVIOUSLY  
25 UPDATING THE HISTORY. A LOT HAS TRANSPIRED IN A QUITE

1 CONCRETE AND FAVORABLE WAY THAT WE WANTED TO BE SURE  
2 WAS IN THIS DOCUMENT BECAUSE IT'S GOING TO, WE BELIEVE,  
3 BE QUITE ATTRACTIVE TO PROSPECTIVE CANDIDATES. BUT  
4 ALSO REALIZE THAT THERE WERE SOME DIMENSIONS TO THE JOB  
5 DESCRIPTION AND THE STRATEGY WE WOULD FOLLOW ON YOUR  
6 BEHALF THAT WERE A BIT GRAY.

7 AND SO WE WANTED TO, IF POSSIBLE, USE THIS  
8 FORUM TO CALL OUT SOME OF THOSE QUESTIONS. BOB'S JUST  
9 ALLUDED TO ONE. IF YOU RECALL LAST TIME, A LOT OF THE  
10 DISCUSSION, AT LEAST IN THE SUBCOMMITTEE EARLY ON,  
11 REVOLVED AROUND, AS WE REACHED OUT TO PEOPLE WITH SORT  
12 OF A SCIENTIFIC REPUTATION IN THE FIELD, ONE OF THE  
13 EARLY SORT OF CONFOUNDERS IN THE SEARCH PROCESS WAS  
14 THAT MANY OF THESE PEOPLE, WHO AS A CONDITION OF THEIR  
15 INTEREST IN THE ROLE, WANTED TO HAVE AN ACTIVE LAB.  
16 AND IT WAS ISSUES LIKE THAT. LOCATION, WHICH AT THE  
17 TIME, FRANKLY, WHEN WE LAUNCHED THE SEARCH WASN'T EVEN  
18 KNOWN. AND OTHER DIMENSIONS THAT MADE, FRANKLY, IT  
19 MORE DIFFICULT FOR US TO BE CRISP AND EFFICIENT ON YOUR  
20 BEHALF.

21 IN LIGHT OF THIS VERY COMPRESSED TIMEFRAME,  
22 THE MORE EXPLICIT THE GUIDANCE YOU GIVE US IN TERMS OF  
23 THE DESIRABLE EXPERIENCES AND CHARACTERISTICS AND  
24 BACKGROUND OF YOUR NEXT PRESIDENT, THE BETTER ABLE  
25 WE'RE GOING TO BE TO DELIVER A GOOD OUTCOME.

1                   WITH THAT IN MIND, GIVEN THAT IT'S A LARGE  
2   GROUP, AND TO BOB'S POINT, THERE MAY BE NUANCES,  
3   OFTENTIMES THESE AREN'T YES-NO QUESTIONS, WE ENDEAVORED  
4   TO PUT TOGETHER TO HELP ALL OF US SORT OF REPRESENT  
5   WHAT IT IS THAT WE SHOULD BE FACTORING IN.  AGAIN, THE  
6   VERY PRACTICAL ASPECT OF THIS IS THAT THE SEARCH  
7   COMMITTEE WILL REALLY NEED TO AUTHORIZE SPENCERSTUART  
8   TO MOVE OUT IMMEDIATELY TO INTERACT WITH PROSPECTIVE  
9   CANDIDATES AND HAVE DOCUMENTS TO SHARE WITH THEM IF WE  
10  ARE TO, AGAIN, HONOR THE TIMELINE THAT WE'VE PROPOSED  
11  AND BRING SOMEONE TO YOU IN JUNE.

12                  THERE ARE SEVERAL CATEGORIES IN THIS, AND I'M  
13  ASSUMING THAT EVERYBODY HAS THIS DOCUMENT AS PART OF  
14  THEIR PAPERWORK.  AND TO ASK OF YOU WHAT WE HOPED AT  
15  THE END OF THE DISCUSSION, IT WOULD BE OUR REQUEST THAT  
16  EVERYONE ACTUALLY VOTE ON THESE CRITERIA.  AND IT'S  
17  NOT, AS BOB SAID, A YES-NO.  IN THE LOWER RIGHT CORNER,  
18  WE'VE CREATED A SIMPLE SCALE, THREE TO ZERO, WITH THREE  
19  SOMETHING THAT YOU'D ATTACH THE HIGHEST LEVEL OF  
20  IMPORTANCE TOO, TWO MODERATE, ONE LOW, AND THEN ZERO IF  
21  YOU THINK IT'S NOT IMPORTANT OR, FRANKLY, NOT DESIRED.  
22  AND AGAIN, SPEAKING OF THE EXAMPLE OF AN ACTIVE LAB,  
23  LAST TIME AROUND SOME PEOPLE VERY EXPLICITLY FELT THAT  
24  ANYONE WHO REQUIRED THAT SHOULD BE ELIMINATED FROM  
25  CONSIDERATION.  THAT WOULD HAVE RATED A ZERO.



1                   SO WE TRIED TO BREAK DOWN INTO THESE  
2   CATEGORIES THAT YOU SEE HORIZONTALLY THE SORTS OF  
3   EXPERIENCES AND ATTRIBUTES THAT LET US WRITE A POSITION  
4   DESCRIPTION. IN THE FIRST ONE, IT'S THE SORT OF  
5   LEADERSHIP DIMENSION AND WHERE SOMEONE MIGHT HAVE  
6   ACQUIRED THAT. DOES IT NEED TO BE FROM THE  
7   NOT-FOR-PROFIT WORLD? DOES IT MATTER IF SOMEONE HAS  
8   HAD TIME IN SORT OF A GOVERNMENT POLICYMAKING BODY,  
9   ACADEMIC MEDICINE? AS CAME LAST TIME, IS A BACKGROUND  
10  IN INDUSTRY OF NOTE? AND IF WE LEFT ANYTHING OUT, WE  
11  LEFT THE CATEGORY FOR YOU TO ADD ANOTHER INDUSTRY OR  
12  OTHER BACKGROUND.

13                  THE SECOND ONE IS MORE IN THE SKILLS AND  
14  ATTRIBUTES AREA. AND, AGAIN, WE'VE TALKED ABOUT THIS.

15                  DR. PIZZO: THESE ARE NOT RELATIVE RANKINGS.  
16  THESE ARE ALL DISCRETE SEPARATE RANKINGS.

17                  DR. PIEPER: THANK YOU. THAT'S CORRECT.

18                  IN THE NEXT, SKILLS, COMPETENCIES,  
19  ATTRIBUTES, IT'S EVERYTHING FROM STRATEGY AT A HIGH  
20  LEVEL DOWN TO DELIVERING RESULTS, TEAM LEADERSHIP,  
21  COLLABORATION SKILLS, WHICH WOULD BE MORE LEADING  
22  THROUGH INFLUENCE RATHER THAN ONE'S DIRECT AUTHORITY,  
23  THE POWER OF ONE'S OFFICE, FINANCIAL ACUMEN. AND THEN  
24  IN THE LAST, THE SCIENTIFIC AND/OR CLINICAL BACKGROUND.  
25  ONE QUESTION AT THIS JUNCTURE IS DOES THAT MATTER TO

1 YOU, THAT SOMEONE HAVE THAT SORT OF BACKGROUND? OR  
2 WOULD A BEST-IN-BREED, PROVEN LEADER BE SOMEONE WHO  
3 ACTUALLY COULD TAKE THE INSTITUTE FORWARD?

4 IF YOU CHOOSE TO RANK THOSE LAST TWO BOXES  
5 ZERO, THEN THE NEXT SECTION C WON'T BE RELEVANT. IF IT  
6 IS, THEN WE'D LIKE TO UNDERSTAND A LITTLE BETTER ACROSS  
7 THE SORT OF SCIENTIFIC AND CLINICAL SPECTRUM HOW  
8 CLOSELY DOES SOMEONE NEED TO BE TIED TO STEM CELL  
9 RESEARCH OR DEVELOPMENT OF THERAPEUTICS OR TECHNOLOGIES  
10 THAT RELATE TO STEM CELLS. WOULD YOU PREFER SOMEONE BE  
11 IN THE BASIC SCIENCE REALM ALL THE WAY DOWNSTREAM AS  
12 YOU MARCH THROUGH CLINICAL RESEARCH, CLINICAL PRACTICE,  
13 AND, FRANKLY, GENERAL HEALTHCARE? SO, AGAIN, WE'D LIKE  
14 TO UNDERSTAND HOW YOU FEEL ABOUT THOSE CRITERIA.

15 AND THEN LASTLY, JUST SOME THINGS THAT WE  
16 LEARNED LAST TIME IN THE SEARCH THAT ABSORBED SOME OF  
17 OUR TIME AND ATTENTION. WE PUT IN A MISCELLANEOUS  
18 CATEGORY, AND THOSE REALLY ARE DIRECTLY DERIVED FROM  
19 THE LAST SEARCH, WHETHER THE ACTIVE LAB PIECE IS AN  
20 ISSUE, WHETHER SOMEONE NEEDS TO NOW RESIDE FULL TIME  
21 WHERE CIRM IS LOCATED, WHICH IS NOW THE BAY AREA, AND  
22 WHETHER IN YOUR MIND THERE NEEDS TO BE A COMPENSATION  
23 LIMIT. AND THE REASON THAT IS IN HERE IS DEPENDING ON  
24 WHERE ALL OF YOU TAKE US IN TERMS OF SOMEONE'S  
25 BACKGROUND, THERE'S LIKELY TO BE QUITE A SPREAD IN THE

1       COMPENSATION HISTORY SOMEONE WILL BRING FORWARD.  SO,  
2       FOR EXAMPLE, SENIOR R & D LEADERS IN INDUSTRY NOWADAYS  
3       TYPICALLY MAKE 400 TO \$600,000 TOTAL CASH COMPENSATION,  
4       BUT IT CAN GO UP IN THE SENIORMOST LEADERS IN LARGE  
5       COMPANIES TO 800 NORTH OF A MILLION.

6                 DR. PIZZO:  HAVEN'T WE ALREADY SET LIMITS  
7       BASED UPON VARIOUS STATE REGULATIONS?

8                 CHAIRMAN KLEIN:  NO.

9                 DR. PIZZO:  BAND LEVELS.

10                CHAIRMAN KLEIN:  WE HAVE SET SALARY FOR THE  
11       EXISTING PRESIDENT.  WE HAD FOR THE INITIAL SEARCH A  
12       BAND THAT WE SET FOR THAT INITIAL SEARCH, BUT WE ARE  
13       DIRECTED UNDER THE INITIATIVE TO SET COMPENSATION  
14       WITHIN THE RANGE FOR THE INSTITUTIONS THAT BY THE  
15       CRITERIA FOR APPOINTMENT ARE SPECIFIED FOR BOARD  
16       MEMBERSHIP HERE.  SO IF WE LOOK AT COMPARABLE POSITIONS  
17       FOR THOSE INSTITUTIONS, WHETHER THEY BE UC OR A PRIVATE  
18       UNIVERSITY AND EXECUTIVE POSITIONS, THAT SETS THE BAND.  
19       THE SALARY SURVEY, WE'RE CURRENTLY IN THE PROCESS OF  
20       UPDATING IT BECAUSE OF REQUESTS BY THE STATE AUDITORS,  
21       AND THAT BAND COULD BE VERIFIED THROUGH THAT SALARY  
22       SURVEY, BUT IT WAS ORIGINALLY SET IN THE FIRST SEARCH.

23                AND I THINK THE QUESTION IS DIRECTION.  BASED  
24       UPON WHERE YOU WANT THE BACKGROUND COMING FROM, IT WILL  
25       INFLUENCE WHERE IN THAT RANGE THE SALARY WOULD BE

1       LOCATED.

2                   MS. LANSING:  WE'RE CONFUSED.  WHEN YOU SAID  
3       RESIDE IN BAY AREA, DO YOU MEAN RECRUIT, OR DO YOU MEAN  
4       WHEN THEY TAKE THE JOB?

5                   DR. PIEPER:  WHEN THEY TAKE THE JOB BECAUSE  
6       YOU CAN ENVISION PERHAPS SOMEBODY IN SAN DIEGO MIGHT  
7       SAY I'LL TAKE THE POSITION IF YOU'LL ALLOW ME TO  
8       COMMUTE IN OR HAVE AN APARTMENT IN SAN FRANCISCO.

9                   MS. LANSING:  THAT'S TRICKY.  BECAUSE WHAT WE  
10      WANT -- I CAN'T SPEAK FOR EVERYBODY.  I CAN SPEAK FOR  
11      GERRY AND ME.  WE THINK WHEN YOU TAKE THE JOB, YOU NEED  
12      TO BE AVAILABLE SEVEN DAYS A WEEK AND ACCESSIBLE TO  
13      PEOPLE.

14                  DR. PIEPER:  THAT'S EXACTLY THE SORT OF  
15      DIALOGUE WE HOPE TO STIMULATE.

16                  MS. LANSING:  SO THAT WOULD BE HIGH LEVEL OF  
17      IMPORTANCE, THREE.

18                  DR. PIEPER:  CORRECT.  IF YOU FELT THAT WAY,  
19      YES.

20                  MS. LANSING:  IN OTHER WORDS, WE DON'T CARE  
21      WHERE YOU RECRUIT THEM FROM.  ONCE THEY TAKE THE JOB, I  
22      DON'T CARE IF THEY HAVE A HOME IN NEW YORK, BUT AS FAR  
23      AS I'M CONCERNED, I WANT TO ASSUME THEY'RE AVAILABLE  
24      SEVEN DAYS AND WEEK AND LIVING IN THE BAY AREA WHILE  
25      THEY'RE DOING THEIR JOB.

1 DR. PIEPER: THANK YOU. THAT PARTICULAR  
2 CRITERION WAS MEANT TO CALL OUT THAT VERY QUESTION.

3 DR. STEWARD: I'M A LITTLE CONFUSED ABOUT  
4 WHAT WE'RE DOING, AND I'M ACTUALLY A LITTLE CONCERNED.  
5 AND THIS QUESTION ACTUALLY MAY BE MORE FOR JAMES.  
6 THERE SEEMS TO BE A SURVEY. AND SO IT IS IN A SENSE A  
7 WRITTEN DISCUSSION OF THE BOARD. IS THIS SURVEY TO BE  
8 TAKEN AND REVIEWED TODAY? AND IF NOT, I'M CONCERNED  
9 THAT SOME OF THIS ACTUAL OPINION TAKING WOULD NOT BE IN  
10 FULL OPEN PUBLIC SESSION.

11 MR. HARRISON: YOU RAISE A VERY GOOD POINT.  
12 THE RECORDS THAT YOU ARE PREPARING TODAY, AS YOU WILL  
13 NOTICE, HAVE A PLACE FOR YOU TO PRINT YOUR NAME. ONE  
14 OF THE PURPOSES TO BE SERVED BY THAT IS SO THAT WE CAN  
15 KEEP A RECORD OF IT. YOU SHOULD ALSO KNOW THAT THESE  
16 WILL BE PUBLIC RECORDS IN THE SENSE THAT MEMBERS OF THE  
17 PUBLIC COULD REQUEST ACCESS TO THEM, AND WE WOULD HAVE  
18 AN OBLIGATION TO MAKE THEM AVAILABLE.

19 CHAIRMAN KLEIN: THIS INFORMATION WOULD GO TO  
20 THE PRESIDENTIAL SEARCH COMMITTEE, AND THE PRESIDENTIAL  
21 SEARCH COMMITTEE IN PUBLIC SESSION WILL REVIEW THE  
22 RESULTS, DR. STEWARD, IN TERMS OF REFINING THE BALANCE  
23 IN THE CANDIDATES THAT ARE SOUGHT AND THEIR  
24 CHARACTERISTICS. SO ALL OF THIS INFORMATION WILL END  
25 UP BEING DISCUSSED IN PUBLIC SESSION.

1 MS. HOFFMAN: CHAIRMAN KLEIN, I'D LIKE TO  
2 JUST MAKE ONE POINT OF CLARIFICATION, THAT THERE IS  
3 CURRENTLY A SALARY RANGE ON RECORD FOR THE PRESIDENT.  
4 THE RECOMMENDATION AND THE BSA AUDIT DID NOT INCLUDE  
5 THE PRESIDENT'S POSITION. SO IN THE COURSE OF  
6 RESURVEYING ALL THE POSITIONS AT CIRM, THE ONLY  
7 POSITION THAT IS NOT IN THAT SURVEY IS THE PRESIDENT'S.

8 CHAIRMAN KLEIN: AND THAT SALARY RANGE ON  
9 RECORD IS?

10 MS. HOFFMAN: I BELIEVE IT'S 275 TO 412.

11 CHAIRMAN KLEIN: AND THAT IS DISTINCTLY  
12 DIFFERENT THAN THE ORIGINAL RANGE AS SET -- I THINK,  
13 LORI, YOU'RE REFERRING TO THE SALARY RANGE DIRECTLY  
14 RELATING TO THE POSITION AS IT NOW STANDS; IS THAT  
15 CORRECT?

16 MS. HOFFMAN: YES.

17 CHAIRMAN KLEIN: OKAY. JOAN SAMUELSON HAS A  
18 QUESTION.

19 MS. SAMUELSON: IT'S FULL DISCLOSURE. IT'S  
20 MORE OF A COMMENT AND A QUESTION, I GUESS. I'M NOT  
21 SURE HOW THE VISION I HAVE FOR THIS JOB FITS WITH THESE  
22 BOXES. AND SO I'D LIKE TO BRIEFLY TELL YOU WHAT I'M  
23 THINKING, AND THEN SEE IF IT FITS, OR IF IT'S JUST  
24 ANOTHER WAY OF GOING AT IT ENTIRELY.

25 I THINK THIS IS THE MOST IMPORTANT THING

1 WE'RE DOING TODAY, AND WE'VE DONE ALL SORTS OF  
2 IMMENSELY IMPORTANT THINGS. THIS IS ABOUT WHETHER OR  
3 NOT WE SUCCEED AT THE MANDATE. AND TO ME THAT IS THAT  
4 WE CAN LOOK BACK IN TEN YEARS AND SAY WE REALLY DID  
5 EVERYTHING HUMANLY POSSIBLE TO GET EFFECTIVE THERAPIES  
6 AND TO DRIVE THEM WITH EVERY FUNDING DECISION WE'RE  
7 MAKING, EVERY MANAGEMENT DECISION WE'RE MAKING.

8 AND SO I WANT THE PERSON WHO COMES INTO THIS  
9 JOB TO BE THE LEADER OF THAT. AND SO I WOULD SEE IT AS  
10 SOMEONE WHO ACCEPTS AND BELIEVES IN THAT MANDATE, WHO  
11 DOESN'T THINK THAT IT IS ENOUGH TO SAY THAT -- TO  
12 TRANSLATE ACADEMIC SCIENCE BREAKTHROUGHS INTO CURES IS  
13 HARD. THAT IS THE BEGINNING OF THE DISCUSSION, AND  
14 IT'S THE BEGINNING OF THE MANDATE OF THIS ORGANIZATION.  
15 AND THAT THE PERSON BRINGS A SKILL SET AND A PASSION  
16 FOR THAT THAT WILL ENABLE THEM TO FULLY USE ALL THE  
17 RESOURCES AT OUR DISPOSAL, WHICH I SEE AS SUCH THINGS  
18 AS THE COMPLETE COMMITMENT OF A GOVERNOR WHO IS KNOWN  
19 AROUND THE WORLD AND CALLS CALIFORNIA NATION STATE, AND  
20 THAT WE'VE GOT ENTHUSIASTIC ENDORSEMENT OF EVERY BRANCH  
21 OF GOVERNMENT, INCLUDING THE OPINION OF THE CALIFORNIA  
22 APPELLATE COURTS AND SO ON, AND THAT THOSE RESOURCES  
23 AND THE SILICON VALLEY RESOURCES AND SO ON, THAT  
24 THEY'RE AVAILABLE TO US AND THAT THERE'S A GLOBAL  
25 RESOURCE THAT COULD BE PARTNERING WITH US TO GET THAT

1     RESULT.  AND IF WE DON'T DO ALL OF THAT, WE HAVEN'T  
2     SUCCEEDED.

3             DR. PIEPER:  AND WE RECALLED FROM OUR  
4     DISCUSSIONS WITH YOU THE LAST TIME SOME OF THOSE VERY  
5     ISSUES AND MEANT TO CALL THEM OUT IN THE SURVEY IN THE  
6     EXAMPLE YOU JUST GAVE ABOUT TRANSLATING SCIENCE  
7     RESEARCH INTO ACTUAL THERAPIES THAN SOME OF THE THINGS  
8     THAT WOULD LIKELY BE RELEVANT TO YOU WOULD BE THAT SOME  
9     OF THESE MANAGEMENT OR LEADERSHIP EXPERIENCE COME OUT  
10    OF ACADEMIC MEDICINE, INDUSTRY, OR SOME OTHER BODY, BUT  
11    SPECIFICALLY THEN PROBABLY INVOLVE THINGS LIKE DRUG  
12    DEVELOPMENT.  AND IN THE OTHER YOU COULD THEN ALSO SAY  
13    SOMEBODY WHO'S DEVELOPED A TECHNOLOGY OR SOME OTHER  
14    PRODUCT SUCCESSFULLY, MOVED SOMETHING FROM RESEARCH  
15    INTO USE.

16            SO FEEL FREE.  THERE'S A SECTION FOR COMMENTS  
17    TO BE MORE EXPLICIT ABOUT THOSE THINGS.  BUT, IN FACT,  
18    HAVING LEARNED IN OUR PREVIOUS EXPERIENCE, REVIEWING  
19    ALL OF THE DOCUMENTS AND DISCUSSIONS YOU'VE HAD SINCE,  
20    WE HAD ACTUALLY HOPED TO SURFACE THOSE SORTS OF THINGS  
21    THROUGH THIS.

22            MS. SAMUELSON:  I GUESS I CAN IMAGINE A  
23    PERSON WITH THAT VISION AND THAT EFFECTIVENESS COMING  
24    FROM ANY NUMBER OF THESE AND NOT NECESSARILY ANY OF  
25    THEM.



1 DR. PIEPER: AT THIS POINT IN THE PROCESS, AS  
2 WE GO OUT AND QUICKLY DEVELOP A STRATEGY TO GET US TO  
3 THE SORT OF INDIVIDUALS YOU ARE SPEAKING ABOUT, THE  
4 MORE WE CAN UNDERSTAND THE THINKING THAT YOU'RE SHARING  
5 WITH EVERYONE HERE TODAY HELPS US BE EXPEDIENT AND  
6 EFFECTIVE ON YOUR BEHALF. SO THE MORE THAT YOU CAN  
7 ARTICULATE JUST WHAT YOU'RE SAYING ON THIS DOCUMENT,  
8 THE MORE HELPFUL YOU WILL BE TO US, QUITE FRANKLY.

9 AND I GUESS JUST TURN IT BACK TO YOU, BOB, IN  
10 TERMS OF NOW PROCESS AND HOW YOU THINK IT WOULD BE MOST  
11 EFFECTIVE.

12 CHAIRMAN KLEIN: ONE OF THE ISSUES THAT'S  
13 BEEN RAISED VERY SPECIFICALLY I THINK WE NEED TO  
14 ADDRESS HEAD-ON IS THE SALARY RANGE. DO WE WANT TO  
15 LIMIT OURSELVES TO THIS PUBLISHED SALARY RANGE IN THE  
16 SEARCH? IS THIS GOING TO GIVE THE FLEXIBILITY TO  
17 RECRUIT THE CANDIDATES THAT YOU WANT TO LOOK AT?

18 MR. GOLDBERG: NO.

19 CHAIRMAN KLEIN: WE HAVE MICHAEL GOLDBERG AND  
20 THEN DEAN PIZZO AND THEN JEFF SHEEHY. WE DEFER TO DEAN  
21 PIZZO.

22 DR. PIZZO: I THINK, GIVEN THE BAND THAT  
23 YOU'VE JUST CONVEYED, AND TRYING TO COMPARE IT TO  
24 COMPARABLE JOBS AT OTHER INSTITUTIONS THAT I'M AWARE  
25 OF, THIS IS A JOB THAT HAS OBVIOUSLY OVERSIGHT OVER A

1     VERY LARGE AMOUNT OF MONEY, VERY HIGH PRIORITY ISSUES,  
2     VERY PUBLICLY VISIBLE, BUT MANAGING A RELATIVELY SMALL  
3     STAFF WITH A SINGULAR MISSION IN A SENSE.  AND SO I  
4     THINK THAT THE BAND RANGE THAT YOU'VE CONFIGURED TO ME  
5     IS QUITE APPROPRIATE AND FITS WELL WITHIN WHAT I WOULD  
6     SEE FOR SENIOR LEVEL POSITIONS AT CERTAINLY ACADEMIC  
7     INSTITUTIONS.

8                 MR. GOLDBERG:  IN MY VIEW, I'M IN GENERAL  
9     AGREEMENT WITH THAT, BUT I WOULDN'T WANT US TO BE  
10    CONSTRAINED OR TO LIMIT THE POOL OF CANDIDATES BASED ON  
11    THAT POINT.  SO WHAT I'D LIKE TO DO IS PERHAPS WE CAN  
12    INDICATE THAT IT'S, YOU KNOW --

13                DR. PIZZO:  MAKE YOUR POINT AND THEN I'LL  
14    FOLLOW.

15                MR. GOLDBERG:  -- THAT THIS IS KIND OF A  
16    TARGET RANGE AND SUBJECT TO COMPARABILITY OR SOMETHING.  
17    I WANT TO INDICATE TO THE PEOPLE OF CALIFORNIA THAT WE  
18    DON'T HAVE SOME FISCAL SENSITIVITY HERE.  BY THE SAME  
19    TOKEN, WHETHER 400, 450, OR 500, I WOULDN'T WANT THAT  
20    TO BECOME AN ISSUE FOR SOMEBODY BECAUSE THERE ARE LOTS  
21    OF WAYS WE COULD PERHAPS ACHIEVE.

22                DR. PIZZO:  JUST A FRIENDLY MODIFIER TO THAT,  
23    WHICH IS I'M TRYING TO BE SENSITIVE TO THE FACT THAT IN  
24    CALIFORNIA THERE HAS BEEN AN INCREASED AMOUNT OF  
25    SCRUTINY OVER COMPENSATION, WHETHER IT'S FOR

1 UNIVERSITIES OR NONPROFIT ORGANIZATIONS, AND WE NEED TO  
2 BE COGNIZANT OBVIOUSLY OF THAT. I THINK IF THERE IS A  
3 QUESTION THAT AROSE AND ONE NEEDED A CAVEAT, YOU'D HAVE  
4 TO BASE IT ON A CAREFUL MARKET-BASED ASSESSMENT THAT  
5 PROVIDED VALID BENCHMARKS FOR COMPARABLES BECAUSE WE  
6 SHOULD NOT ALLOW OURSELVES TO GET INTO A SUBJECTIVE  
7 ASSESSMENT, MEANING THAT SOMEONE COMMANDS A CERTAIN  
8 SALARY AT ONE PLACE, THEY COME TO ANOTHER POSITION AND  
9 WE TRY TO MATCH IT BECAUSE I THINK IF WE GET DOWN THAT  
10 PATHWAY, WE'RE GOING TO WIND UP LOSING CREDIBILITY TO  
11 THE CITIZENS OF CALIFORNIA.

12 DR. PIEPER: MAY I MAKE A REALLY QUICK  
13 CLARIFYING COMMENT? ALL WE'RE ASKING FOR IN THIS IS  
14 WHETHER WE NEED TO EXCLUDE ANY CANDIDATES ON THE BASIS  
15 OF THEIR CURRENT COMPENSATION.

16 DR. PIZZO: I WOULD SAY THAT'S UP TO THEM  
17 BECAUSE IT MEANS IF -- A CANDIDATE CAN BE MAKING A  
18 MILLION DOLLARS, BUT THIS MAY BE THEIR IDEAL JOB. AND  
19 IF THE COMPENSATION IS LISTED AT 400, THEY MAY SAY I'M  
20 WILLING TO DO IT FOR THAT. SO WE SHOULDN'T ELIMINATE  
21 SOMEONE PROPRIMUM.

22 CHAIRMAN KLEIN: I THINK JEFF SHEEHY HAD A  
23 COMMENT, AND THEN WE'RE GOING TO GO TO THE ADDITIONAL  
24 COMMENTS.

25 MR. SHEEHY: I KIND OF AGREE. I DON'T WANT

1 TO BE HAMSTRUNG. I DON'T WANT TO BE SCREENING  
2 CANDIDATES BY SALARY. AND IF THEY WANT TO DO THE JOB,  
3 I THINK WE CAN MAKE IT WORK.

4 BUT I DID HAVE ONE CONCERN ABOUT THIS  
5 CRITERIA. I DON'T KNOW THAT I SEE ANYTHING THAT'S  
6 REALLY SPECIFIC TO GRANTS ADMINISTRATION OR GRANTS  
7 MANAGEMENT, WHICH IS ACTUALLY THE JOB OF THE AGENCY.  
8 AND THIS IS A GREAT JOB DESCRIPTION JOB FOR A DEAN,  
9 BUT, YOU KNOW, HOW ARE WE CAPTURING THE RELEVANT  
10 ASPECTS OF -- YOU KNOW, I THINK INNOVATION IN GRANTING  
11 AND IN GRANTS MANAGEMENT IS A KEY COMPETENCY THAT WE  
12 NEED TO HAVE AND IT'S NOT EVEN ON HERE.

13 CHAIRMAN KLEIN: LISA, YOU WANT TO ADDRESS  
14 THAT?

15 DR. PIEPER: WHEN YOU SAY IN THE JOB  
16 DESCRIPTION, ARE YOU REFERRING --

17 MR. SHEEHY: I'M TALKING ABOUT THIS. I DON'T  
18 SEE A CAPTION UNDER ANY OF THESE CATEGORIES EXCEPT IN  
19 VERY BROAD COLLABORATION SKILLS, TEAM LEADERSHIP.

20 DR. PIEPER: THIS IS, AGAIN, MEANT TO GUIDE  
21 US SORT OF AT A HIGH LEVEL DIRECTIONALLY. THE MORE  
22 EXPLICIT CRITERIA THAT ARE UNDERSTOOD TO BE CORE TO  
23 YOUR JOB, WHAT WE WOULD CALL SORT OF BOTH IDEAL  
24 EXPERIENCES AND KEY RESPONSIBILITIES IN THIS LONGER  
25 DOCUMENT, WHICH IS THE JOB DESCRIPTION, ALL OF THOSE

1       THINGS DO GET --

2                   MR. SHEEHY:  I READ THAT OVER, AND I STILL AM  
3       HAVING TROUBLE REALLY FINDING SOME REAL INTENT FOCUS ON  
4       WHAT ARE OUR NEXT IMMEDIATE CHALLENGES, WHICH IS REALLY  
5       BEING INNOVATIVE AND DYNAMIC IN HOW WE GIVE OUT OUR  
6       GRANTS AND HOW WE MANAGE OUR GRANT PROCESSES.

7                   DR. PIEPER:  MAYBE THIS ISN'T STRONG ENOUGH  
8       FOR YOU UNDER THE MAJOR RESPONSIBILITIES ON PAGE 4,  
9       BULLET 4.  IT JUST STATES SIMPLY COLLABORATE WITH THE  
10      ESTABLISHED WORKING GROUPS TO DEVELOP RECOMMENDATIONS  
11      ON GRANTS, LOANS, ETC.  BUT YOU'RE SAYING THAT EVEN IN  
12      TERMS OF THE IDEAL EXPERIENCE SOMEONE WOULD BRING TO  
13      THE TABLE, YOU WOULD LIKE TO SEE THAT?

14                  MR. SHEEHY:  I'D LIKE TO HAVE SOME SENSE.  
15      WE'RE REALLY A NOVEL INSTITUTION.  AND I DON'T -- I  
16      JUST FEEL LIKE THAT WE KEEP PERCEIVING THIS AS BEING  
17      COMPARABLE TO SOME OF THE JOBS THAT PEOPLE HAVE AROUND  
18      THE TABLE, WHICH ARE IMPORTANT JOBS; BUT I THINK IF  
19      WE'RE REALLY GOING TO GET TO THERAPIES, IT'S GOING TO  
20      BE MANAGING THE RELATIONSHIP BETWEEN THE GRANTS THAT WE  
21      GIVE OUT, THE SUCCESSES THAT THEY HAVE, AND MOVING THAT  
22      FORWARD AS RAPIDLY AS POSSIBLE, INVOLVING ALL THE  
23      DIFFERENT PIECES THAT HAVE TO BE INVOLVED, WHICH MEANS  
24      THE ACADEMIC RESEARCH CENTERS, INDUSTRY, NEW COMPANIES  
25      THAT MAY WANT TO COME INTO THE FIELD.  AND I JUST AM

1 NOT GETTING THAT SENSE EITHER IN THE DOCUMENT THAT YOU  
2 PROVIDED FOR US OR IN THESE LISTS OF CRITERIA THAT  
3 THAT'S ACTUALLY BEING ADDRESSED.

4 CHAIRMAN KLEIN: PURPOSE OF THIS SESSION IS  
5 TO MAKE SURE THAT WE INCORPORATE IT QUITE EXPLICITLY.

6 DR. STEWARD: I DON'T WANT TO MAKE THIS  
7 OVERLY LONG, BUT I GUESS I'M JUST A LITTLE BIT NERVOUS  
8 ABOUT WHAT WE'RE DOING HERE. AND IN PARTICULAR, THE  
9 SURVEY. ON EVERYTHING WE DO, I THINK WE ALL BENEFIT BY  
10 HEARING THE OPINIONS OF THE BOARD AND HAVING EVEN IF  
11 IT'S A BRIEF DISCUSSION. I WONDER IF WE COULD GO  
12 THROUGH THESE POINT BY POINT AND AT LEAST HAVE A SORT  
13 OF A SENSE OF THE BOARD'S OPINION INDEPENDENT OF THESE  
14 RANKINGS THAT WE WON'T KNOW HOW THEY ACTUALLY END UP  
15 UNTIL YOU SCORE THESE DATA. MAYBE WE COULD EVEN LIMIT  
16 THE TIMING ON THAT TO TEN MINUTES OR SO. MAYBE MELISSA  
17 CAN WATCH THE CLOCK.

18 IT SEEMS TO ME WE'VE ALREADY HANDLED D, SO WE  
19 SEEM TO BE WORKING ON A RIGHT NOW. IF WE CAN JUST SORT  
20 OF WORK THROUGH THAT SYSTEMATICALLY, I'D FEEL A LOT  
21 MORE COMFORTABLE HAVING AT LEAST HAVE A VERY BRIEF  
22 DISCUSSION.

23 CHAIRMAN KLEIN: DR. STEWARD, YOUR FORMAT IS  
24 THAT UNDER SECTION A, FOCUSING ALL THE BOARD'S COMMENTS  
25 ON THAT SUBSECTION, WHAT THE BOARD'S FEELINGS ABOUT THE

1       RELATIVE STRENGTHS OF THESE CRITERIA AND BACKGROUND.

2               DR. STEWARD:  I WILL JUST OFFER AN OPINION  
3       AND MAYBE JUST BY WAY OF LEADING OUT THE DISCUSSION,  
4       THAT ACADEMIC MEDICINE AND GOVERNMENT LEGAL POLICY ARE  
5       THE TWO HIGHEST LEVELS OF IMPORTANCE, AND THAT THE REST  
6       ARE OF RELATIVELY LOWER IMPORTANCE.

7               DR. FRIEDMAN:  MR. CHAIRMAN, I'M A LITTLE  
8       CONCERNED ABOUT -- I DO THINK THAT THERE'S VALUE IN THE  
9       KIND OF EXERCISE THAT IS BEING DESCRIBED; BUT GIVEN THE  
10      TIME AND SOME OF THE OTHER THINGS THAT WE HAVE TO DEAL  
11      WITH THIS AFTERNOON, I JUST WANT TO RAISE THE QUESTION  
12      WHETHER IT WOULDN'T BE BETTER TO FIRST GATHER THE  
13      INFORMATION AND THEN TALK ABOUT IT.

14              DR. STEWARD:  WE DON'T HAVE TIME.

15              CHAIRMAN KLEIN:  AT THE PRESIDENTIAL SEARCH  
16      COMMITTEE THERE'S ABOUT HALF THE BOARD ON THAT  
17      COMMITTEE.  IT WILL BE BROUGHT BACK TO THEM.  SO IT  
18      WOULD BE IMPORTANT FOR THOSE NOT ON THAT COMMITTEE TO  
19      ARTICULATE THEIR POSITIONS PRETTY CLEARLY IMMEDIATELY  
20      IN THE LIMITED TIME WE HAVE, BUT THIS WILL BE DISCUSSED  
21      IN THAT COMMITTEE.

22              DR. FRIEDMAN:  I THINK IT VERY LIKELY THAT IT  
23      WOULDN'T SURPRISE ME IF WE SAW PERHAPS DRAMATICALLY  
24      DIFFERENT EMPHASES PLACED BY DIFFERENT MEMBERS OF THE  
25      OVERSIGHT COMMITTEE, WHICH IS ENTIRELY APPROPRIATE,

1     THAT PEOPLE SEE THEIR HIGHEST PRIORITIES ACCORDING TO  
2     WHAT THEY THINK THE SKILL SET AND EXPERIENCES NEED TO  
3     BE.  AND WE'RE NOT SEARCHING FOR SOME HOMOGENIZED  
4     THING, BUT I DON'T KNOW HOW USEFUL THIS DISCUSSION IS  
5     GOING TO BE.  I JUST HAVE TO RAISE THAT QUESTION.

6             CHAIRMAN KLEIN:  THE INTENT HERE IS THE  
7     PRESIDENTIAL SEARCH COMMITTEE HAS A DELEGATION TO  
8     PURSUE THIS.  TIMELINE IS TO BRING BACK A CANDIDATE OR  
9     CANDIDATES JUNE 5TH.  IN ORDER TO MAKE SURE THAT UP  
10    FRONT THERE'S THE OPPORTUNITY TO INPUT FROM MEMBERS OF  
11    THE BOARD, STRONGLY HELD POSITIONS, THIS IS AN  
12    OPPORTUNITY, BOTH WHETHER IT'S ON THIS SURVEY OR ON THE  
13    JOB DESCRIPTION.  THE INTERNAL GOVERNANCE APPENDIX HAS  
14    BEEN THOROUGHLY DEBATED OUT OF THE GOVERNANCE  
15    COMMITTEE, AND THAT IS VERY ARTICULATE IN TERMS OF  
16    ROLES AND RESPONSIBILITIES IN DETAIL.

17            DR. FRIEDMAN:  THE OTHER THING I WAS GOING TO  
18    ADD, THOUGH, IS I DO THINK THERE'S A REAL VALUE IN WHAT  
19    WAS JUST DONE, WHICH IS IF THERE'S SOMETHING NOT  
20    MENTIONED HERE THAT PEOPLE THINK IS VERY IMPORTANT, I  
21    THINK THAT WOULD BE EXTREMELY VALUABLE TO MAKE COMMENTS  
22    ABOUT THAT.  I DON'T WANT TO SUGGEST CUTTING OFF THE  
23    DISCUSSION AT ALL.  I'M MORE CONCERNED ABOUT WHAT WE'RE  
24    FORGETTING RATHER THAN WHAT EMPHASIS WE PLACE ON  
25    DIFFERENT THINGS.



1                   CHAIRMAN KLEIN:  ALL RIGHT.  LET'S DO THIS.  
2   LET'S TRY AND MERGE THESE AND MOVE THEM THROUGH  
3   QUICKLY.  IF WE SAY LEADERSHIP MANAGEMENT EXPERIENCE,  
4   WHAT ARE ANY STRONGLY HELD OPINIONS ON THAT  
5   SUBCATEGORY, AND PARTICULAR REFERENCE TO WHAT DR.  
6   FRIEDMAN CALLS OUT AT POINTS THAT MAYBE ARE NOT LISTED  
7   THERE THAT ARE OF A HIGH PRIORITY?

8                   DR. LEVEY:  IT'S NOT ENOUGH TO HAVE THE  
9   EXPERIENCE.  IT HAS TO BE A PROVEN TRACK RECORD OF  
10  SUCCESS IN DOING IT.  SO THAT WOULD BE INCUMBENT ON THE  
11  SEARCH FIRM TO DO THAT.  THERE ARE A LOT OF PEOPLE WHO  
12  DO A LOT OF JOBS AND SOME DO THEM BETTER THAN OTHERS.  
13  I WOULD JUST ASK YOU TO DO THAT.

14                  DR. POMEROY:  I ALSO THINK THAT IT'S  
15  IMPORTANT TO EMPHASIZE THAT LEADERSHIP AND MANAGEMENT  
16  ARE TWO DISTINCT THINGS.  AND IN THE JOB DESCRIPTION,  
17  THERE ARE MANY REFERENCES TO THE PRESIDENT MANAGING  
18  THINGS, VERY FEW REFERENCES TO THE PRESIDENT LEADING  
19  THINGS.  AND MY OVERALL INPUT WOULD BE THAT I THINK  
20  THAT IT IS ESSENTIAL THAT WE GET SOMEONE WHO CAN  
21  INSPIRE, WHO CAN LEAD, WHO CAN TAKE A VISION AND RUN  
22  WITH IT, AND THAT A GOOD LEADER WILL FIND THE TEAM  
23  MEMBERS TO DO THESE SPECIFIC TECHNICAL TASKS THAT NEED  
24  TO BE DONE.  SO FROM MY PERSPECTIVE, LEADERSHIP IS WHAT  
25  I WOULD HOPE THAT YOU WOULD BE LOOKING FOR.

1 MS. SAMUELSON: HERE. HERE.

2 DR. PRICE: THE WAY THIS IS SET UP, IT  
3 SUGGESTS THAT PEOPLE ARE IN ONE BOX, BUT I THINK THAT  
4 WE SHOULD BE LOOKING, IF WE CAN FIND IT, FOR SOMEBODY  
5 WHO'S HAD EXPERIENCE IN SEVERAL OF THESE AREAS. AND  
6 FROM MY MIND, IN TERMS OF WHAT WE DO HERE, ACADEMIC  
7 MEDICINE, THE INDUSTRIAL BIOMEDICAL ARENA, AND PERHAPS  
8 THE NONPROFITS ARE YOUR THREE KEY AREAS. AND HOPEFULLY  
9 WE COULD FIND SOMEBODY WHO'S STRONG, WHO'S HAD  
10 LEADERSHIP SUCCESS IN AT LEAST TWO OF THOSE THREE OR  
11 ALL THREE. I MEAN THE VICE CHAIR OF OUR COMMITTEE, FOR  
12 EXAMPLE, EMBODIES A CANDIDATE WITH ALL THREE -- NOT A  
13 CANDIDATE. I'M SORRY -- PERSON WITH ALL THREE.

14 CHAIRMAN KLEIN: WE CAN HAVE A SHORT SEARCH  
15 HERE.

16 DR. FRIEDMAN: DO YOU HAVE AN ANNOUNCEMENT  
17 FOR US?

18 CHAIRMAN KLEIN: I'D LIKE TO POINT OUT HERE  
19 THAT THE WAY THIS IS SET UP, YOU COULD PUT A THREE,  
20 MEANING THE HIGHEST PRIORITY, IN ALL THREE OF THOSE  
21 BOXES AND A COMMENT BELOW THAT SAYS AT LEAST TWO OF THE  
22 THREE. OKAY. SO IT'S MULTIPLE-BASED PRIORITIES.

23 DR. PENHOET: THANK YOU. JUST A COMMENT ON  
24 MY OWN EXPERIENCE, AND A VERY STRONG NEGATIVE VIEW  
25 ABOUT RECRUITING SOMEBODY WHO WANTS TO KEEP AN ACTIVE

1 LAB. I THINK IT'S INCONSISTENT. THIS IS A VERY  
2 COMPLEX ORGANIZATION. IT WILL HAVE 50 EMPLOYEES. IT'S  
3 DEALING WITH A WHOLE VARIETY OF ISSUES, AND I THINK IT  
4 HAS TO BE A 24/7 JOB, AS SHERRY INDICATED. SO FOR ME,  
5 SOMEONE WHO WANTS TO RUN AN ACTIVE LAB SHOULD NOT APPLY  
6 FOR THIS JOB. AND GIVEN MY OWN EXPERIENCE, I'VE BEEN  
7 MODESTLY SUCCESSFUL IN AT LEAST SOME OF THE THINGS I'VE  
8 DONE. WHERE I WAS A TOTAL FAILURE, I TRIED TO RUN A  
9 LAB AND A COMPANY AT THE SAME TIME. IT DIDN'T WORK, I  
10 CAN ASSURE YOU.

11 CHAIRMAN KLEIN: OKAY.

12 DR. PIZZO: I WANT TO ALSO AGREE WITH THAT  
13 STATEMENT. THIS WAS A VERY BIG TOPIC LAST TIME AROUND,  
14 AND IT WAS A CONTENTIOUS ISSUE FOR A NUMBER OF  
15 CANDIDATES. I THINK EXPERIENCE HAS REALLY GIVEN US  
16 GUIDANCE IN THIS REGARD. I THINK IT IS IMPERATIVE THAT  
17 THE PERSON WE HAVE IS FOCUSED ON THIS JOB AND TOTALLY  
18 FOCUSED ON IT. AND I DON'T THINK THAT THIS IS ONE  
19 WHERE WE CAN HAVE SORT OF A MIXED SET OF AGENDAS. I  
20 TOTALLY CONCUR WITH ED PENHOET.

21 CHAIRMAN KLEIN: I WOULD LIKE TO ECHO THE  
22 COMMENTS THAT HAVE BEEN MADE ABOUT INDUSTRY EXPERIENCE  
23 BECAUSE ON A COMPENSATION POINT OF VIEW, OUR REAL  
24 OBLIGATION, I THINK, IS TO GET A LEADERSHIP PERSON WITH  
25 STRATEGIC VISION WHO CAN EXECUTE. IF THEY HAVE

1 TRANSLATIONAL EXPERIENCE IN INDUSTRY, IF THEY'RE  
2 \$200,000 HIGHER THAN THE NEXT BEST CANDIDATE AND  
3 THEY'RE THE RIGHT CANDIDATE FOR US, THAT IS THE BEST  
4 DECISION FOR PATIENTS AND THE PUBLIC IN CALIFORNIA  
5 BECAUSE IT WILL GET US TO OUR MISSION WITH EFFECTIVE  
6 INSIGHTS THAT WE MAY OTHERWISE MISS. SO I WOULD NOT  
7 WANT TO SEE PEOPLE WITH INDUSTRY EXPERIENCE WHO MAY  
8 COME WITH A HIGHER BLENDED COMPENSATION, ALTHOUGH  
9 REDUCED FROM AN INDUSTRIAL SCALE, ELIMINATED BECAUSE OF  
10 THAT DIFFERENCE IN THEIR SALARY BASE.

11 MS. SAMUELSON: I AGREE WITH THAT. I ALSO  
12 THINK THAT IT MIGHT BE A DREAM COME TRUE IF WE GOT A  
13 BILL GATES-TYPE WHO HAS MADE SO MUCH MONEY, THAT HE NOW  
14 WANTS, HE/SHE, TO CAP HIS/HER CAREER BY DOING SOMETHING  
15 TRULY WONDERFUL FOR THE WORLD AND THEN NOT EARN NICKEL.

16 DR. FRIEDMAN: WE DON'T WANT TO GET INTO THIS  
17 IN TOO MUCH DETAIL, BUT WE'VE BEEN TALKING ABOUT  
18 SALARY, AND THIS IS COMPENSATION. AND THIS PERSON MAY  
19 HAVE TO RELOCATE FROM ANOTHER PART OF THE COUNTRY,  
20 THERE CAN BE HOUSING, THERE'S BENEFITS, THERE ARE ALL  
21 SORTS OF THINGS. AND WE'RE NOT TRYING TO CRAFT THE  
22 WHOLE COMPENSATION PACKAGE HERE. YOU'RE SIMPLY SAYING  
23 WITHIN REASON SHOULD YOU EXCLUDE ANYBODY. I'M GOING TO  
24 SORT OF VOTE WITH JOAN SAY I'D REALLY LIKE TO HAVE A  
25 BROAD GROUP OF PEOPLE. SOME MAY GET KICKED OUT EITHER

1 BY THEIR OWN CHOICE OR OUR CHOICE. PHIL'S POINT ABOUT  
2 NOT EMBARRASSING OURSELVES IS A VERY, VERY VALID ONE.  
3 I COMPLETELY AGREE WITH IT. BUT WE'RE NOT GOING TO TRY  
4 AND CRAFT WHAT THE COMPENSATION PACKAGE WILL LOOK LIKE  
5 TODAY. WE SHOULDN'T EVEN TRY.

6 DR. PENHOET: WELL, IF I COULD, MAYBE JUST  
7 ONE CAVEAT TO THAT. I ALSO THINK, THOUGH, YOU CAN  
8 WASTE A LOT OF TIME MISLEADING PEOPLE THAT THEY MIGHT  
9 BE ABLE TO MAKE A MILLION TWO A YEAR WORKING AT CIRM.

10 DR. FRIEDMAN: I HOPE WE WOULD NOT MISLEAD  
11 ANYBODY.

12 DR. PENHOET: I THINK YOU HAVE TO GIVE SOME  
13 GUIDANCE.

14 DR. FRIEDMAN: SO DO WE SET IT AT ONE? 800?  
15 600?

16 DR. PENHOET: SOME GUIDANCE.

17 DR. FRIEDMAN: JUST SAY YOU'VE GOT TO BE  
18 REASONABLE AND IT'S GOT TO PASS A CREDIBILITY TEST WITH  
19 THE CITIZENS OF CALIFORNIA. AND PEOPLE OUGHT TO FIGURE  
20 THAT OUT.

21 DR. PIZZO: I MADE A RECOMMENDATION EARLIER  
22 THAT I'M STILL STRONGLY SUPPORTIVE OF. I THINK THAT WE  
23 HAVE A BAND OF COMPENSATION THAT TO ME FITS INTO THE  
24 GENERAL CONTEXT OF REALITY. AND WITH ALL DUE RESPECT,  
25 IF SOMEONE FROM INDUSTRY WANTED TO DO THIS JOB AND WAS

1 PASSIONATE ABOUT THIS JOB, THAT PERSON IS GOING TO HAVE  
2 TO MAKE AN ACCOMMODATION. I THINK IT'S A DANGEROUS  
3 PLACE FOR US TO GO TO PAY AN OTHERWISE EXORBITANT  
4 COMPARATIVE SALARY FOR A JOB THAT SOMEONE ELSE COULD DO  
5 FOR SOMETHING THAT WOULD BE OTHERWISE JUSTIFIABLE.

6 CHAIRMAN KLEIN: IT HAS TO BE JUSTIFIABLE  
7 WITHIN THE INDEX THAT THE PUBLIC HAS VOTED INTO PLACE.

8 DR. PIZZO: BUT THE INDEX FOR SOMEONE WORKING  
9 IN INDUSTRY IS DIFFERENT FROM --

10 CHAIRMAN KLEIN: WE'RE NOT GOING TO PAY A  
11 MILLION TWO. IT'S NOT GOING TO HAPPEN. BUT WITHIN THE  
12 INDEX OF -- I ACTUALLY THINK, SINCE WE'RE GOING INTO A  
13 SALARY SURVEY AT THIS POINT, WHAT IS THE TIMING ON THE  
14 SALARY SURVEY, LORI?

15 MS. HOFFMAN: THANK YOU, CHAIRMAN KLEIN. I  
16 WAS GOING TO SUGGEST, BECAUSE WE ARE A STATE AGENCY,  
17 THAT, IN FACT, WAITING UNTIL AFTER THERE'S A SHORT LIST  
18 AND THEN START NEGOTIATING, THAT, IN FACT, IN TERMS OF  
19 CREATING A BAND AND STAYING WITHIN THAT, AS WELL AS  
20 RELOCATION ISSUES, THAT WE SHOULD PROBABLY WORK THROUGH  
21 THAT NOW. I ALSO WANT TO REMIND THE BOARD THAT ON TOP  
22 OF WHATEVER BASE SALARY IS CHOSEN, THAT THERE IS  
23 ANOTHER 34 PERCENT FOR BENEFITS.

24 DR. PIZZO: THAT'S VERY HELPFUL. IF WE DON'T  
25 DO IT NOW -- I MEAN ALL OF US HAVE BEEN INVOLVED IN

1 SEARCHES. IF WE DON'T DO THIS IN ADVANCE, WE'RE SIMPLY  
2 GOING TO LOSE PEOPLE AND LOSE CREDIBILITY.

3 CHAIRMAN KLEIN: THAT'S EXACTLY WHY WE'RE  
4 TRYING TO BRING THIS ISSUE TO A HEAD. BUT, LORI, MY  
5 QUESTION WAS WE HAVE -- THE INITIATIVE SPECIFICALLY  
6 STATES THAT WE'RE SUPPOSED TO FOLLOW THE SURVEY OF  
7 COMPARABLE POSITIONS AT THE INSTITUTIONS SPECIFIED.

8 MS. HOFFMAN: THAT'S CORRECT. THAT'S WHAT  
9 THE CURRENT SALARY RANGE DOES, SO WE COULD ADD THIS  
10 POSITION TO THE SURVEY.

11 CHAIRMAN KLEIN: WHAT IS THE DEADLINE ON  
12 THAT?

13 MS. HOFFMAN: IT'S A TEN-WEEK SURVEY, AND WE  
14 HOPE TO BE IN CONTRACT BY EARLY NEXT WEEK.

15 CHAIRMAN KLEIN: SO IT WILL BE WITHIN THE  
16 TIMEFRAME, BUT WE NEED DIRECTION BEFORE THAT. WE NEED  
17 DIRECTION NOW TO BE CONFIRMED BY THE SURVEY AND, OF  
18 COURSE, THE SURVEY IS SUBJECT TO ACTUAL ADJUSTMENTS  
19 BASED UPON SPECIFIC EXPERIENCE OF THE PERSON, BUT IT IS  
20 OUR GENERAL GUIDELINE THAT WE HAVE TO STAY WITHIN.

21 DR. LEVEY: ONE OF THE THINGS YOU LEARN IN  
22 RECRUITING TO ALL OF OUR ORGANIZATIONS, IT'S NOT SO  
23 MUCH OF PUTTING A RANGE OF SALARY. WE ALL HAVE RANGES  
24 OF SALARY. IT'S MAINTAINING SOME ABILITY TO BE  
25 FLEXIBLE BECAUSE IF WE WEREN'T FLEXIBLE, THEN I WAGER

1     THAT MOST EVERYBODY HERE WOULD FAIL IN MOST OF THEIR  
2     RECRUITMENTS FOR CHAIRS OF DEPARTMENTS AND OTHER  
3     LEADERSHIP THAT WE BRING INTO A SCHOOL.  SO I THINK  
4     IT'S FLEXIBILITY.  I MEAN WE CAN PUT WHATEVER RANGE;  
5     BUT IF THE PERSON WE SELECT TURNS OUT TO BE SOMEONE  
6     WITH GREAT EXPERIENCE WHO REALLY WANTS TO DO THIS JOB,  
7     BUT ALSO HAS FOUR CHILDREN WHO ARE BEING EDUCATED AND  
8     COMES FROM WHEREVER IN THE COUNTRY WHERE HOUSING VALUES  
9     ARE NOT THE SAME, I THINK WE JUST HAVE TO BE FLEXIBLE  
10    EVEN IF, IN THE COURSE OF THE RECRUITMENT, WE MIGHT SIT  
11    DOWN WITH SOMEONE LIKE THE SPEAKER OF THE LEGISLATURE  
12    AND UNDERSTAND SO THAT WE DON'T GET INTO SOME ISSUES  
13    WITH REGARD TO THE LEGISLATURE.  I THINK WE JUST HAVE  
14    TO MAINTAIN SOME FLEXIBILITY SO THAT WE DON'T FOR 50 OR  
15    A \$100,000 LOSE SOMEBODY WHO OTHERWISE WOULD HAVE THE  
16    GREAT SUPPORT OF THIS BOARD.

17               CHAIRMAN KLEIN:  ALL RIGHT.  WE HAVE COVERED  
18    DISCUSSIONS OF A, B, AND D.  HAVE WE FOCUSED ON SECTION  
19    C?

20               DR. PENHOET:  PERHAPS TO FOLLOW UP ON JOAN  
21    SAMUELSON'S POINT, I THINK IN SECTION C, DRUG  
22    DEVELOPMENT PROBABLY HAS THE MOST RELEVANCE TO WHAT  
23    WE'RE TRYING TO DO BECAUSE IT GOES ALL THE WAY FROM  
24    BASIC RESEARCH THROUGH CLINICAL RESEARCH.  LEAVE OUT  
25    THE PART OF MARKETING.  WE DO HAVE SOME EXPERTISE HERE



1 ON OUR BOARD WITH TWO FORMER FDA COMMISSIONERS, I  
2 GUESS, BUT CERTAINLY THAT ASPECT IS -- I THINK IF WE  
3 REALLY TAKE SERIOUSLY THAT WE'RE TRYING TO DEVELOP  
4 THERAPIES WITHIN THE 10- TO 15-YEAR TIMEFRAME WHERE  
5 WE'LL BE OPERATING, THAT SOMEBODY WITH THAT PERSPECTIVE  
6 ON WHAT ROLE EACH OF THOSE VARIOUS DIFFERENT ELEMENTS  
7 IN THE PROCESS OF DRUG DEVELOPMENT WILL PLAY IN THIS  
8 AND, THEREFORE, WHICH ONES WE'LL FUND, THE SO-CALLED  
9 VALLEY OF DEATH WE'VE HEARD ABOUT FROM THE VARIOUS  
10 COMPANIES ASSOCIATED WITH THIS ENTERPRISE, WOULD BE  
11 QUITE VALUABLE.

12 DR. STEWARD: I ACTUALLY THINK DRUG  
13 DEVELOPMENT MIGHT NOT BE THE RIGHT TERM. THE SENSE IS  
14 RIGHT, BUT THE EXACT TERM IS WRONG. AND I THINK MAYBE  
15 WHAT WE'RE LOOKING FOR THERE IS SOMETHING MORE ALONG  
16 THE LINES OF TRANSLATIONAL MEDICINE BECAUSE IT'S NOT  
17 JUST DRUGS.

18 MS. SAMUELSON: FOR THAT SAME REASON, I'D PUT  
19 AN ASTERISK AT OTHER, AND THEN DOWN BELOW WROTE  
20 UNDERSTANDING OF THE CHALLENGE OF TRANSLATING SCIENCE  
21 TO NEW REGENERATIVE MEDICINE OPPORTUNITIES BECAUSE  
22 THERE ARE SURGERIES AND SO ON.

23 DR. STEWARD: IN FACT, IF THERE WAS SOME WAY  
24 TO CHANGE THAT TERM IN OUR LITTLE SURVEY, AND MAYBE WE  
25 CAN'T DO THAT NOW.

1 DR. PIEPER: AND MAYBE TO HELP US A LITTLE  
2 BIT ON THIS POINT, IN THE VERNACULAR THAT WE COME  
3 ACROSS IN THE WORK WE DO, TRANSLATIONAL MEDICINE WOULD  
4 BE SOMEBODY WHO SORT OF STRADDLES R & D, IF YOU WILL,  
5 THE SCIENCE AND THE ACTUAL DEVELOPMENT WORK OF A  
6 THERAPEUTIC. WHEREAS, SOME OF THE DISCUSSION I THINK  
7 MAYBE THAT I HEARD A FEW MEMBERS OF THE BOARD TALK  
8 ABOUT SOUNDS AS THOUGH YOU'RE TAKING IT FURTHER  
9 DOWNSTREAM, AND IT WOULD HELP US TO UNDERSTAND IF YOU  
10 WOULD REALLY VALUE SOMEBODY WHO'S NOT JUST PROVEN THEY  
11 CAN TRANSLATE SCIENCE INTO SOME CLINICAL TRIALS IN  
12 PATIENTS, BUT, IN FACT, HAS MADE A PRODUCT ENTER THE  
13 MARKET AND ENTER CLINICAL PRACTICE BECAUSE THOSE ARE  
14 DIFFERENT SKILL SETS AND SUBSETS OF TALENT POOLS.

15 CHAIRMAN KLEIN: OKAY. IF WE COULD MOVE ON,  
16 I THINK IT WOULD BE IMPORTANT PERHAPS, SHERRY, SINCE  
17 THE INTERNAL GOVERNANCE IS AN EXHIBIT, AN APPENDIX, AS  
18 IT WAS IN THE FIRST JOB SEARCH TO THIS, IT WOULD BE  
19 IMPORTANT FOR YOU TO PUT THAT INTERNAL GOVERNANCE  
20 APPENDIX IN CONTEXT. IT'S ONE THING TO SAY WE WANT  
21 SOMEONE WITH STRATEGIC VISION, BUT YOU ALSO HAVE TO  
22 GIVE THEM THE DETAIL OF THE ORGANIZATIONAL STRUCTURE  
23 THEY WORK WITHIN. THERE'S BEEN A LOT OF EFFORT PUT  
24 INTO THAT THAT MAYBE CONCEPTUALLY YOU COULD PROVIDE THE  
25 BACKGROUND BECAUSE THE SEARCH COMMITTEE HAS NOT BEEN --

1 THE SEARCH FIRM HAS NOT BEEN IN THE GOVERNANCE  
2 COMMITTEE MEETINGS WHERE THIS WAS DISCUSSED.

3 MS. LANSING: LET ME MAKE THIS EASY. THE  
4 GOVERNANCE COMMITTEE, WHICH IS VERY BIG COMMITTEE, HAS  
5 PUT A GREAT DEAL OF TIME AND EFFORT IN TRYING TO DEFINE  
6 THE ROLES OF THE PRESIDENT AND THE CHAIRMAN AND THE  
7 VARIOUS PEOPLE THAT WORK AT CIRM. AND SO WE HAVE A  
8 WHOLE CODIFIED THING, WHICH YOU HAVE, AND WHICH WE  
9 WANTED YOU TO HAVE SO THAT THERE WOULD BE NO CONFUSION  
10 ABOUT WHAT WE EXPECT THE PRESIDENT TO DO AND WHO  
11 REPORTS TO HE OR SHE, AND ABOUT THE RELATIONSHIP  
12 BETWEEN EVERYBODY IN CIRM. SO WE WANT THAT AS PART OF  
13 THE PRESIDENTIAL SEARCH. I THINK I SPEAK FOR THE WHOLE  
14 BOARD WHEN I SAY THAT. PHIL, ONE SECOND.

15 AND IF THERE'S ANY CONFUSION ABOUT IT, RATHER  
16 THAN TAKING ALL THE TIME, TINA, I, PHIL, ANYONE ELSE  
17 THAT WANTS TO WILL BE HAPPY TO EXPLAIN IT TO YOU.

18 DR. PIZZO: I JUST WANTED TO MAKE MAYBE THE  
19 POINT A LITTLE BIT CLEARER, AT LEAST FROM MY POINT OF  
20 VIEW. I THINK THAT THE DOCUMENT IS VERY CLEAR, BUT  
21 SHOULDN'T STAND AS A SEPARATE DOCUMENT. I WOULD NOT  
22 LIKE TO SEE THERE BE A JOB DESCRIPTION AND THEN A  
23 REPORT --

24 MS. LANSING: IT SHOULD BE ONE WHOLE THING.

25 DR. PIZZO: IT SHOULD BE FULLY INTEGRATED SO

1     THAT IT'S ABSOLUTELY EXQUISITELY CLEAR WHAT THE ROLES  
2     ARE.

3             MS. LANSING:  I'M SORRY.  I MEANT TO MAKE  
4     THAT CLEAR.

5             DR. PENHOET:  I JUST WANTED TO POINT OUT,  
6     THOUGH, THAT DOCUMENT IS AN OPERATIONAL DOCUMENT.  IT  
7     REALLY DOESN'T ADDRESS THE ISSUES OF THE BROADER ISSUES  
8     OF LEADERSHIP, PERSPECTIVE, ETC.  IT'S A DOCUMENT MEANT  
9     TO DEFINE THE DAY-TO-DAY RESPONSIBILITIES, NOT THE  
10    THESE LARGER ISSUES.

11            DR. PIZZO:  IT'S NOT A SUBSTITUTE FOR.

12            MS. LANSING:  LET ME RESTATE IT.  YOU HAVE A  
13    DOCUMENT ALREADY, AND THEN YOU ARE GOING TO HAVE ALL OF  
14    THIS, WHICH ADDRESSES THE BROADER ISSUES.  AND YOU ARE  
15    GOING TO, I HOPE, COME BACK TO US WITH YOUR  
16    CONCLUSIONS, WHATEVER, OR TALK TO ALL OF US IN THE  
17    SEARCH COMMITTEE.  IN ADDITION TO THAT, AS PART OF THIS  
18    BIG DOCUMENT THAT YOU GO OUT WITH, WE ALSO WANT THE  
19    OPERATIONAL PART TO BE PART OF IT.

20            DR. PIEPER:  POINT OF CLARIFICATION.  AND  
21    PERHAPS YOU CAN ALL GUIDE US.  IN TERMS OF THIS VERY  
22    TIGHT TIMELINE THAT WE HAVE, YOU'LL HAVE TO TELL US HOW  
23    YOU'D LIKE US TO INCORPORATE ALL THIS BECAUSE WITHOUT A  
24    DOCUMENT TO SHARE WITH PROSPECTIVE CANDIDATES, WE ARE  
25    NOT GOING TO BE ABLE TO START THE SEARCH.  SO PERHAPS

1 IT'S WORTH SOME DISCUSSION ABOUT WHETHER THAT'S GOING  
2 TO BE DELEGATED TO THE SEARCH COMMITTEE, SOME SUBSET.

3 CHAIRMAN KLEIN: WELL, THEY'RE SAYING YOU'VE  
4 GOT THE DOCUMENT. YOU'VE GOT THE DOCUMENT. AND  
5 THEY'RE ESSENTIALLY, CORRECT ME IF I'M WRONG, SAYING,  
6 LOOK, JUST TO MAKE IT CLEAR THAT IT'S INTEGRATED, YOU  
7 CAN GO THROUGH ALL OF THE CONCEPTUAL ISSUES, AS DR.  
8 PENHOET HAS SAID, TO GIVE US THE BIG PICTURE OF IT, AND  
9 THEN SEQUENTIALLY CONTINUE THE DOCUMENT TO INTEGRATE  
10 THE MECHANICS OF THE ORGANIZATIONAL STRUCTURE.

11 MS. LANSING: IT BECOMES A SEPARATE HEADING,  
12 OPERATIONAL, SO THERE'S NO CONFUSION, BUT IT'S NOT TWO  
13 SEPARATE DOCUMENTS. IT'S ONE PIECE OF PAPER THAT  
14 EVERYONE GETS.

15 DR. FRIEDMAN: IN ADDITION TO THAT, I THINK,  
16 JUST FOR COMPLETENESS SAKE, THE OTHER THING YOU'D LIKE  
17 TO HAVE IN THERE IS AN ORG CHART. I KNOW THE WAY  
18 SPENCERSTUART USUALLY PUTS THESE THINGS TOGETHER AND  
19 REPORTING RELATIONSHIPS. THESE ARE JUST STANDARD  
20 BOILERPLATE THINGS. AND THAT WAY WHEN SOMEONE LOOKS AT  
21 IT, YOU WILL BE ABLE TO CLEARLY UNDERSTAND EXACTLY  
22 WHAT'S GOING ON.

23 THE QUESTION YOU RAISED IS, IN ORDER TO MOVE  
24 SPEEDILY, IF YOU NEED TO RUN THIS BY SOMEONE TO GET  
25 SOME DECISION ABOUT EXACTLY HOW TO INTEGRATE SOMETHING,

1 WE CAN HAVE A DISCUSSION OF WHAT SUBGROUP OR WHAT  
2 COUPLE OF PEOPLE SHOULD BE LOOKING AT THAT. YOU CAN  
3 PICK A SUBCOMMITTEE OF THE PRESIDENTIAL SEARCH TEAM.

4 CHAIRMAN KLEIN: CAN'T DO A COMMITTEE, BUT WE  
5 CAN DESIGNATE THE CHAIRMAN OF THE GOVERNANCE COMMITTEE  
6 AND I CAN LOOK AT IT. WE CAN HAVE THREE OR FOUR  
7 PEOPLE. SO WE HAVE THE VICE CHAIR OF THE GOVERNANCE  
8 COMMITTEE, SO WE HAVE SOME BREADTH OF PERSPECTIVE.

9 MS. LANSING: WE'RE NOT TRYING TO GIVE YOU  
10 EXTRA WORK. THIS SHOULD BE RELATIVELY SIMPLE. YOU  
11 HAVE YOUR DOCUMENT. IF YOU CAN JUST ADD A SECTION THAT  
12 SAYS OPERATIONAL WITH AN ORGANIZATIONAL CHART AND JUST  
13 MAKE IT STAPLED TOGETHER AS JUST ONE DOCUMENT.

14 DR. PIEPER: VERY HELPFUL. THANK YOU FOR  
15 CLARIFYING.

16 CHAIRMAN KLEIN: ALL RIGHT. SO AT THIS POINT  
17 I THINK HAVE AN INTEGRATED CONCEPTUAL JOB DESCRIPTION  
18 WITH THE STATEMENTS OF VISION AND THE MOTIVATIONAL  
19 SIDES OF THE TASK ALONG WITH THE OPERATIONAL DEFINITION  
20 ALONG WITH ADDITIONAL INPUT THAT CAN BE COLLECTED TODAY  
21 AND CREATED INTO A MATRIX. SO WE HAVE THREE LEVELS OF  
22 INFORMATION.

23 AND IN TERMS OF ADDITIONAL POINTS WE'D LIKE  
24 TO MAKE TO LISA, IS THERE ANYTHING ELSE THE BOARD WOULD  
25 LIKE TO PROVIDE AS SPECIFIC DIRECTION?

1 MS. LANSING: I HAVE JUST ONE CLARIFICATION.  
2 BOB, AND THIS IS REALLY FOR YOU MORE THAN ANYTHING. I  
3 KNOW WE VOTED THAT WE COULD ATTEND THE PRESIDENTIAL  
4 SEARCH MEETINGS BY PHONE; IS THAT CORRECT?

5 CHAIRMAN KLEIN: YES.

6 MS. LANSING: I WOULD JUST LIKE TO MAKE A  
7 PLEA THAT -- HOW MANY MEETINGS DO YOU THINK THERE'S  
8 GOING TO BE, AND MAYBE I WON'T MAKE MY PLEA?

9 DR. PIEPER: WE HAVE DOWN THAT THE -- I GUESS  
10 IT DEPENDS A LITTLE BIT ON HOW YOU CHOOSE TO HANDLE THE  
11 APPROVAL OF THIS SPEC, BUT ASSUMING THAT WOULDN'T CALL  
12 FOR A FULL MEETING OF THE PRESIDENTIAL SEARCH  
13 COMMITTEE, THERE WOULD BE THE INITIAL LONG-LIST MEETING  
14 CREDENTIALS REVIEW, THERE'D BE THE SHORT-LIST  
15 CANDIDATE --

16 MS. LANSING: CAN YOU GO OVER THE DATES AGAIN  
17 JUST SO WE ALL HAVE THEM?

18 DR. PIEPER: THERE ARE RANGES OF DATES SO  
19 THAT WE DIDN'T CONSTRAIN YOU TOO MUCH AND THE  
20 INTERESTING WORK TO PULL ALL OF YOU TOGETHER AT THE  
21 SAME TIME COULD BE FACILITATED. IN A RANGE OF DATES,  
22 AS WE SAID, WE'D HAVE THE LONG-LIST MEETING. THAT'S  
23 GENERALLY SOMETHING THAT, AS YOU KNOW, IS ABOUT A  
24 HALF-DAY EXERCISE TO GO THROUGH ALL THE CREDENTIALS.  
25 THE SUBSEQUENT ONE THEN WOULD BE FOR THE SEARCH

1 COMMITTEE TO HAVE COMMITTEE INTERVIEWS WITH THE  
2 SHORT-LIST CANDIDATES THAT ARE SELECTED OUT OF THAT  
3 LONG-LIST MEETING. AND THAT OFTEN, DEPENDING ON HOW  
4 LARGE THE LONG LIST IS, CAN TAKE MORE THAN A DAY OR BE  
5 AN AFTERNOON AND THE NEXT MORNING JUST TO RECONCILE  
6 SCHEDULES. AND, AGAIN, DEPENDING ON WHETHER THE  
7 COMMITTEE WISHES TO BREAK INTO PAIRS AND GO OUT AND  
8 INTERVIEW THE SEMIFINALISTS SELECTED OUT OF THAT  
9 SHORT-LIST GROUP, YOU MAY OR MAY NOT HAVE ANOTHER  
10 MEETING. SO IT COULD BE AS FEW AS TWO.

11 MS. LANSING: SO I JUST WANT -- I'M NOT  
12 ASKING FOR A VOTE ON THIS. I'M JUST ASKING EVERYBODY  
13 TO PUT IN THEIR HEAD THAT I UNDERSTAND THAT CIRM IS  
14 LOCATED IN SAN FRANCISCO, BUT I JUST WANT TO SAY THAT  
15 OUR MEMBERS ARE DISPERSED THROUGHOUT THE STATE. AND I  
16 JUST WANT TO MAKE A PLEA, NOT JUST FOR THE PRESIDENTIAL  
17 SEARCH, BUT FOR MEETINGS IN GENERAL, THAT WE TRY, NOT  
18 JUST IN OUR BOARD MEETINGS, BUT IN OUR SUBCOMMITTEE  
19 WORK, THAT WE TRY AND SPREAD THEM OUT A LITTLE MORE  
20 EVENLY THROUGHOUT SOUTHERN CALIFORNIA AS WELL AS  
21 NORTHERN CALIFORNIA AS WELL AS SACRAMENTO AS WELL AS  
22 DIFFERENT PLACES BECAUSE THEY'RE ALMOST -- IT'S FINE,  
23 BUT THEY'RE ALMOST ALWAYS IN SAN FRANCISCO. SOMETIMES  
24 IT'S A LITTLE DIFFICULT FOR ALL US.

25 CHAIRMAN KLEIN: WE'LL MAKE A SPECIAL EFFORT.



1 PARTICULARLY THIS IS A VERY IMPORTANT PROCESS TO  
2 DISTRIBUTING THESE MEETINGS IN THE STATE.

3 MS. LANSING: ALL OUR MEETINGS.

4 CHAIRMAN KLEIN: RIGHT. ADDITIONAL POINTS BY  
5 THE BOARD?

6 DR. STEWARD: ONE QUESTION. WILL A  
7 SPENCERSTUART REPRESENTATIVE BE ATTENDING ALL MEETINGS  
8 IN PERSON OF THE DIFFERENT -- WELL, THE DIFFERENT  
9 MEETINGS PERTAINING TO THIS SEARCH?

10 DR. PIEPER: THAT IS OUR DESIRE. AND  
11 DEPENDING ON, AGAIN, WHERE WE LAND ON THE CALENDAR,  
12 WHICH WE'RE HOPING TO BE ABLE TO DO IMMEDIATELY AFTER  
13 THIS, THEN WE WOULD MAKE EVERY EFFORT TO HAVE SOMEBODY  
14 FROM OUR TEAM THERE IN PERSON.

15 DR. PIZZO: SINCE WE'RE GOING TO BE ON THE  
16 PHONE ANYWAY.

17 DR. PIEPER: IF NOT BY PHONE. BUT CERTAINLY  
18 AT THE TWO MAJOR MEETINGS, THE LONG-LIST AND THE  
19 SHORT-LIST MEETINGS.

20 DR. STEWARD: I JUST RECALL THE LAST SEARCH,  
21 THAT I FOUND THE --

22 DR. PIEPER: I THINK I WAS PERSONALLY AT  
23 EVERY SINGLE MEETING.

24 DR. STEWARD: THERE WAS ACTUALLY ONE BOARD  
25 MEETING WHERE IT WAS A PHONE CONFERENCE, AND I FOUND IT

1       AWKWARD.  SO I'D REALLY JUST SAY THAT I WOULD  
2       APPRECIATE A PERSON ATTENDING.

3               DR. PIEPER:  SO NOTED.

4               CHAIRMAN KLEIN:  ALL RIGHT.  ADDITIONAL BOARD  
5       COMMENT?  DR. POMEROY.

6               DR. POMEROY:  ARE WE GOING TO BE DISCUSSING  
7       THIS JOB DESCRIPTION SEPARATELY, OR IS THAT PART OF  
8       THIS DISCUSSION?

9               CHAIRMAN KLEIN:  IT IS PART OF THIS  
10       DISCUSSION.  WE CAN MOVE TO THAT DOCUMENT.

11              DR. POMEROY:  I'M A LITTLE BIT CONFUSED  
12       BECAUSE IT HAS IN THE APPENDIX NOW, THE ROLE, THE  
13       CHAIRPERSON IS TO INTERFACE WITH THE -- FOURTH  
14       BULLET -- WITH THE CALIFORNIA LEGISLATURE, THE  
15       CONGRESS, THE CALIFORNIA HEALTHCARE SYSTEM, AND THE  
16       CALIFORNIA PUBLIC.  AND THERE'S NOTHING ABOUT THE  
17       PRESIDENT INTERACTING WITH THE PUBLIC.  IS THIS TO  
18       IMPLY THAT THE PRESIDENT'S ROLE IS TOTALLY INTERNAL,  
19       AND THERE'S NO EXPECTATION THAT THAT PERSON WOULD  
20       INTERACT WITH THE PUBLIC, AND THAT THAT WOULD BE  
21       TOTALLY DONE BY THE ICOC CHAIR?

22              CHAIRMAN KLEIN:  THE APPENDIX ITSELF GIVES  
23       THE DETAIL, THAT THEY ARE INTEGRATING INTO THIS.  BUT  
24       THE SECTION YOU'RE READING IS A DIRECT QUOTE FROM THE  
25       PROPOSITION.  AND THEY PROBABLY CAN TAKE THIS LAST PAGE

1     OUT.  SINCE THE ACTUAL INTERNAL GOVERNANCE POLICY  
2     RESTATES THIS, THEY CAN TAKE THIS LAST PAGE OUT AND  
3     JUST HAVE THE INTERNAL GOVERNANCE STATEMENT OF THESE  
4     RESPONSIBILITIES.

5             DR. PIEPER:  THE LAST TWO PAGES.

6             DR. POMEROY:  I GUESS MY QUESTION IS A  
7     BROADER QUESTION OF WHETHER THIS IS A TOTALLY INTERNAL  
8     OPERATIONAL POSITION, OR IF OUR EXPECTATION IS THAT  
9     THIS PERSON WOULD BE BEING OUR REPRESENTATIVE TO THE  
10    EXTERNAL WORLD.  IT'S A FUNDAMENTAL QUESTION OF WHAT  
11    THE ROLE OF THIS PERSON IS, AND THAT'S WHAT I'D LIKE TO  
12    HEAR SOME OPINIONS ON.

13            DR. PENHOET:  ON THE INTERNAL DOCUMENT, WE  
14    WENT THROUGH -- LET ME BACK UP.  THE SENSE OF THE BOARD  
15    WAS THAT THE PRESIDENT'S ROLE SHOULD INCLUDE EVERYTHING  
16    OTHER THAN THOSE DUTIES WHICH WERE SOLELY ASSIGNED TO  
17    THE CHAIR BY PROP 71.  SO IN THE DOCUMENT -- THE  
18    INTERNAL GOVERNANCE DOCUMENT, YOU SEE THE ROLE OF THE  
19    CHAIR, AND THERE ARE A FEW THINGS IN THERE WHICH MUST  
20    BE DONE BY THE CHAIR ACCORDING TO PROP 71, BUT THINGS,  
21    AS YOU JUST INDICATED, ARE NOT SOLE RESPONSIBILITIES OF  
22    THE CHAIR AND COULD OR SHOULD BE, DEPENDING ON YOUR  
23    POINT OF VIEW, PART OF THE ROLE OF THE PRESIDENT.

24            MY OWN VIEW IS THE PRESIDENT SHOULD  
25    PARTICIPATE FULLY IN EXTERNAL RELATIONS WITH

1 GOVERNMENTS, WITH PATIENT ADVOCACY GROUPS, ETC. IT  
2 SHOULD NOT BE THE SOLE RESPONSIBILITY OF THE CHAIR. SO  
3 THERE ARE A FEW THE CHAIR MUST DO. THE CHAIR MUST  
4 SUPERVISE THE ANNUAL REPORT. THE CHAIR'S DUTIES WITH  
5 RESPECT TO FINANCING, ETC., I THINK ARE FAIRLY CLEAR.  
6 SO WE TRIED TO ARTICULATE THOSE IN THIS DAY-TO-DAY  
7 OPERATIONS DOCUMENT.

8 MY OWN VIEW, CLAIRE, IS THAT THOSE THINGS  
9 THAT ARE INDICATED AS ROLES THE CHAIRMAN WILL PLAY  
10 DON'T NECESSARILY MEAN EXCLUSIVELY SO. AND I THINK IN  
11 THE CONTEXT OF THE DISCUSSIONS WE'RE HAVING, MAYBE AN  
12 OVERALL STATEMENT CLARIFYING THAT THE DUTIES OF THE  
13 CHIEF EXECUTIVE WILL ENCOMPASS ALL FUNCTIONS OF THE  
14 CIRM EXCEPT THOSE SPECIFICALLY DELEGATED TO THE CHAIR  
15 AS A RESULT OF PROP 71. SO IF THERE'S ANY AMBIGUITY  
16 ABOUT THE EMPTY SPACE, THAT IT'S OCCUPIED BY THE CEO.

17 CHAIRMAN KLEIN: I WOULD ADD THERE THAT,  
18 SPECIFICALLY IN WORKING WITH COUNSEL, TO CLARIFY EVEN  
19 WHERE IT SPECIFIED IN THE INITIATIVE, I'VE DELEGATED IN  
20 THE INTERNAL GOVERNANCE POLICY A SHARING OF ROLES.

21 DR. PIZZO: SO IF I CAN JUST -- I HAD THE  
22 SAME CHALLENGE THAT, I THINK, CLAIRE WAS BRINGING FORTH  
23 IN TERMS OF UNDERSTANDING THE ROLES, AND I THINK YOU'VE  
24 CLARIFIED IT WELL, ED, IN TERMS OF HOW WE DO THIS. AND  
25 I THINK REALLY IS A FUNCTION OF THE FACT THAT WE HAVE

1 NOW BEFORE US TWO PARALLEL PAGES, TWO PARALLEL  
2 DOCUMENTS, AND WHEN IT'S INTEGRATED, THAT WE'LL BE  
3 BETTER ALIGNED BECAUSE WE WERE LOOKING AT JOB AND ROLES  
4 FROM THE PROPOSITION AND THEN WE'VE GOT THE INTERNAL  
5 GOVERNANCE. AND WE NOW KNOW THAT WE SIMPLY NEED TO GET  
6 THOSE DONE. SO I THINK WE PROBABLY SHOULDN'T SPEND A  
7 HUGE AMOUNT OF TIME NOW ON THE JOB DESCRIPTION TILL  
8 YOU'VE REINTEGRATED THIS WITH THE GUIDANCE THAT YOU'VE  
9 NOW RECEIVED. AND I THINK THAT MANY OF US  
10 INDEPENDENTLY OR THROUGH THE GOVERNANCE COMMITTEE WOULD  
11 BE MORE THAN HAPPY TO RAPIDLY COMMENT ON IT BACK TO YOU  
12 TO MAKE SURE THAT IT'S A CONSOLIDATED PIECE OF WORK.

13 DR. PIEPER: AGAIN, JUST GIVEN THE TIGHT  
14 TIMELINE, IT WOULD HELP US TO UNDERSTAND WHAT THE  
15 PROCESS WILL BE AND THE TIMING OF THAT TURNAROUND.

16 CHAIRMAN KLEIN: WHAT WE DISCUSSED A LITTLE  
17 EARLIER IS YOU WILL CREATE AN INTEGRATED DOCUMENT, GO  
18 TO THE CHAIR AND VICE CHAIR OF THE GOVERNANCE  
19 COMMITTEE, ED PENHOET AND DEAN PIZZO ARE HAPPY TO  
20 INCLUDE, BUT WE CAN'T HAVE A COMMITTEE, BUT WE'LL HAVE  
21 INDIVIDUAL COMMENTS.

22 DR. PIZZO: I WOULD LEAVE IT TO THE CHAIR AND  
23 CO-CHAIR OF THE GOVERNANCE COMMITTEE TO DETERMINE  
24 WHETHER THEY NEED ANY OTHER INPUT. I'M SURE ANY OF US  
25 WOULD BE HAPPY, BUT I THINK THAT'S A FINE WAY TO START.

1 MS. SAMUELSON: IN GENERAL, THAT'S THE WAY TO  
2 GO. IT'S THE MOST EFFICIENT WAY TO DO IT. I DO THINK,  
3 THOUGH, IT'S IMPORTANT THAT WE ARE EXPLICIT ABOUT THE  
4 FACT THAT THIS IS A BIG JOB WITH A BIG EXTERNAL  
5 COMPONENT, AND THAT THERE'S NO QUESTION ABOUT THAT.  
6 WE'LL NEVER GET A BILL GATES-TYPE OTHERWISE IF WE WERE  
7 TO FIND SOMEONE LIKE THAT.

8 DR. PIZZO: ONLY IF HE'S GOING TO FUND THE  
9 WHOLE THING.

10 MR. HARRISON: BOB, COULD I JUST ADD SO THAT  
11 EVERYONE IS AWARE, I BELIEVE THE PRESIDENTIAL SEARCH  
12 SUBCOMMITTEE IS SCHEDULED TO MEET ON MARCH 27TH, SO IT  
13 COULD CONSIDER THIS UNLESS THERE'S A DESIRE TO DO IT  
14 EVEN MORE QUICKLY THAN THAT, THE REVISED JOB  
15 DESCRIPTION, AND DISCUSS IT PUBLICLY.

16 CHAIRMAN KLEIN: WE HAVE TO MAKE THAT  
17 TIMEFRAME WORK.

18 DR. PIEPER: WERE THAT TO BE THE FINAL  
19 APPROVAL OF THE SPEC, THAT WILL GIVE US, AT BEST, THREE  
20 WEEKS TO DO OUR OUTREACH TO CANDIDATES WITH THE  
21 DOCUMENT IN HAND.

22 CHAIRMAN KLEIN: WE CAN TRY AND WORK EVEN  
23 FASTER BECAUSE WE HAVE ALL THE DOCUMENTS, AND THE  
24 PEOPLE WE'VE NAMED ARE VERY QUICK TO RESPOND. SO WE  
25 CAN MOVE MORE QUICKLY AS LONG AS THERE'S A CONSENSUS,

1     WHICH I HOPE THERE WILL BE, AMONG THOSE INDIVIDUALS.  
2     THE SPEC HAS BEEN FULLY DISCUSSED, THE INTERNAL  
3     GOVERNANCE HAS BEEN FULLY DISCUSSED, AND THE PEOPLE WE  
4     TALKED ABOUT INDIVIDUALLY CAN PROVIDE COMMENTS JUST TO  
5     RECONCILE TO WHAT'S BEEN PRESENTED HERE.

6             DR. PIEPER: TO ENABLE US THEN NEXT WEEK TO  
7     HAVE A FINALIZED DOCUMENT.

8             CHAIRMAN KLEIN: THAT'S RIGHT. OKAY.

9             MS. SAMUELSON: GOOD LUCK.

10            DR. PIZZO: AND GOD SPEED.

11            CHAIRMAN KLEIN: WE ARE MOVING FORWARD. THE  
12     KEY ITEM HERE LEFT TO GO THROUGH, THE INTERNAL  
13     GOVERNANCE COMMITTEE HAS GONE THROUGH, AS WE'VE ALL  
14     DISCUSSED AT THIS POINT, A LONG PROCESS IN CREATING THE  
15     INTERNAL GOVERNANCE POLICY. AND IT'S BEEN APPROVED AT  
16     THE INTERNAL GOVERNANCE COMMITTEE. THE POINT IS JUST  
17     TO APPROVE IT HERE AT THE BOARD. SO IT IS ITEM 19, I  
18     BELIEVE, IN YOUR BINDER. I THINK WE CAN MOVE THROUGH  
19     THIS FAIRLY QUICKLY BECAUSE I THINK THAT THE QUESTIONS  
20     INVOLVING THIS HAVE BEEN THOROUGHLY VETTED. BUT,  
21     CHAIRWOMAN SHERRY LANSING, IT'S YOUR ITEM.

22            MS. LANSING: WELL, IT IS MY ITEM, AND IT IS  
23     MINE ALONG WITH TINA'S AND ALONG WITH EVERYONE ON THE  
24     GOVERNANCE COMMITTEE. I THINK YOU'VE ALL READ THIS.  
25     IF THERE'S ANY QUESTIONS, I'D LIKE TO TAKE QUESTIONS.

1                   THERE'S NO QUESTIONS. THEN I GUESS -- DO I  
2   MOVE ADOPTION OF IT? IS THAT WHAT I'M DOING?  
3                   CHAIRMAN KLEIN: YES.  
4                   MS. LANSING: DO I HAVE APPROVAL -- MOVE TO  
5   ADOPT?  
6                   DR. PIZZO: MOVE FOR ADOPTION.  
7                   MS. LANSING: IS THERE A SECOND?  
8                   DR. PRIETO: SECOND.  
9                   MS. LANSING: IS THERE A MOTION TO ADOPT  
10 THIS?  
11                  DR. PIZZO: SO MOVED.  
12                  MS. LANSING: ANY QUESTIONS? PUBLIC COMMENT?  
13                  MR. REED: I AM CONCERNED ABOUT THIS. I FEEL  
14 WE'RE MOVING TOO FAST. I FEEL THAT WHAT WORKED FOR US  
15 WELL WAS THE PRESIDENT SITUATION. I THINK WE HAD A  
16 BALANCE OF POWER AND A STRUGGLE BACK AND FORTH, AND I  
17 THINK THAT WORKED FOR US. I THINK THAT THE WAY IT WAS  
18 SET UP UNDER PROP 71 WAS SUCCESSFUL, AND I THINK THIS  
19 IS A SHIFT OF POWER. I DON'T UNDERSTAND IT. I THINK  
20 THAT THE NEW PRESIDENT COMING HERE WILL HAVE A GLORIOUS  
21 OPPORTUNITY. I THINK WE'RE BENDING OVER BACKWARDS TO  
22 MAKE IT MORE AND MORE PALATABLE TO THE PRESIDENT, AND I  
23 DON'T SEE WHY. I DON'T UNDERSTAND WHY WE'RE BENDING  
24 OVER SO FAR BACKWARDS TO MAKE THINGS PERFECT FOR THE  
25 PRESIDENT WHEN IT HAS BEEN THE BALANCE OF POWER BETWEEN



1 THE ICOC AND THE CHAIR AND THE PRESIDENT WHICH HAS  
2 PRODUCED THIS GLORIOUS SUCCESS.

3 I DON'T UNDERSTAND WHY THE STAFF IS BEING  
4 REDUCED FROM TEN TO THREE. I DON'T UNDERSTAND WHY THE  
5 PRESIDENT CANNOT -- THE CHAIR CAN NO LONGER EVEN HIRE  
6 AND FIRE HIS OWN PEOPLE. I FEEL WE'RE GOING WAY TOO  
7 FAR IN THE DIRECTION TO GIVING ALL POWER TO THE  
8 PRESIDENCY WHEN I THINK WE NEED A BALANCE BETWEEN THE  
9 CONGRESS AND THE PRESIDENCY LIKE THE NATION HAS AND  
10 LIKE WE HAD BEFORE AND WHICH WORKED FOR US. I DON'T  
11 UNDERSTAND THIS.

12 CHAIRMAN KLEIN: COULD I ADDRESS THIS? DON,  
13 THIS HAS BEEN THOUGHTFULLY DEVELOPED BY THE BOARD IN  
14 THE GOVERNANCE COMMITTEE. THE ISSUE OF THE STAFFING  
15 NUMBER IS AN ISSUE THAT WILL ADAPT TO THE TIMES. IT'S  
16 BEEN DISCUSSED AS AN ITEM THAT CAN BE CONSIDERED. BUT  
17 I THINK THAT WE HAVE DEVELOPED SOMETHING THAT THERE'S A  
18 BOARD CONSENSUS ON, AND WE NEED TO MOVE FORWARD. IT'S  
19 A QUESTION OF COLLABORATION AND TEAMWORK, AND WE HAVE  
20 TO FIND WAYS TO TAKE OUR DYNAMIC CHALLENGES AND FIND  
21 WAYS TO GET PAST THE OBSTACLES. WE HAVE DONE A GREAT  
22 JOB IN THAT ORGANIZATIONALLY IN TERMS OF MOVING  
23 EVERYTHING FORWARD.

24 IN A DYNAMIC ORGANIZATION GROWING THIS  
25 QUICKLY, THERE'S ALWAYS GOING TO BE NEW CHALLENGES AND

1 UNEXPECTED OBSTACLES. BUT AS A TEAM WITH FOCUS ON THE  
2 MISSION, WE'RE GOING TO GET THERE. SO I THINK WE NEED  
3 TO RECOGNIZE THE AMOUNT OF TIME BEING PUT IN HERE AND  
4 MOVE FORWARD.

5 MS. LANSING: THANK YOU, BOB. I ALSO WANT TO  
6 SAY THIS WAS NOT OUR INTENTION. OUR INTENTION IS  
7 ACTUALLY TO MAKE THINGS MOVE, IF POSSIBLE, EVEN BETTER.  
8 AND WE ALL RECOGNIZE THE ENORMOUS PROGRESS THAT WE'VE  
9 MADE. AND THIS DOCUMENT WAS DONE WITH THE FULL IMPACT  
10 OF OUR CHAIRMAN, OF OUR PRESIDENT, OF ED PENHOET, OUR  
11 VICE CHAIRMAN, AND OF THE ENTIRE GOVERNANCE COMMITTEE,  
12 WHICH IS PRACTICALLY THE WHOLE BOARD. SO IT TOOK US A  
13 GREAT DEAL OF TIME TO DO IT. IT'S VERY THOUGHTFUL, AND  
14 IT WAS THE UNANIMOUS CONSENT OF EVERYBODY, I THINK, TO  
15 PASS IT. AND I THINK OUR CHAIRMAN IS REITERATING WHAT  
16 ALL OF US FEEL, BUT I DO SO RESPECT WHAT YOU'RE SAYING.  
17 AGAIN, I SAY THIS AT OUR STANDARDS COMMITTEE. IF THERE  
18 ARE ANY PROBLEMS WITH ANYTHING, WE ALWAYS HAVE THE  
19 ABILITY TO RELOOK AT THINGS AND TO CHANGE IT, AND WE  
20 ARE AN ORGANIZATION THAT WILL BE IN -- WE'LL EXIST  
21 UNTIL THERE IS A CURE FOR EVERY DISEASE THAT CAN EXIST  
22 TODAY, AND SO WE HAVE PLENTY OF TIME TO CORRECT  
23 ANYTHING SHOULD WE MAKE ANY MISTAKES.

24 DR. FONTANA: IS THIS THE PLACE WHERE WE  
25 WOULD PERHAPS ADDRESS THE WORKLOAD AND THE OUTSTANDING

1 JOB THAT, SAY, MELISSA KING HAS DONE? AND AM I CORRECT  
2 IN SAYING SHE'S THE ONE OF THREE EMPLOYEES THAT REPORT  
3 TO BOB? ARE WE OVERWORKING THE STAFF? IS THAT ENOUGH  
4 STAFF TO SUPPORT THE WORKLOAD?

5 MS. LANSING: I THINK THIS IS A PLACE TO  
6 COMPLIMENT MELISSA, AND I THINK WE ALL FEEL THAT VERY,  
7 VERY STRONGLY. AND PERSONNEL MATTERS ARE HANDLED  
8 INTERNALLY, NOT BY US, UNLESS THERE IS A SITUATION WE  
9 HAVE TO INTERVENE.

10 MELISSA, YOU ARE DOING AN EXTRAORDINARY JOB,  
11 AS IS EVERY SINGLE PERSON ON THE STAFF.

12 CHAIRMAN KLEIN: WE SHOULD SAY THAT JENNA WAS  
13 UP TILL FOUR IN THE MORNING WITH MELISSA, SO WE SHOULD  
14 GIVE HER A HAND OF APPLAUSE.

15 (APPLAUSE.)

16 MR. SIMPSON: JOHN SIMPSON FROM THE  
17 FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS. I  
18 OCCASIONALLY FIND MYSELF IN DISAGREEMENT WITH MY GOOD  
19 FRIEND DON REED, AND THIS IS ONE OF THOSE TIMES WHERE  
20 THAT'S THE CASE. I DO THINK THAT THIS IS A VERY  
21 THOROUGH AND THOUGHTFUL DOCUMENT THAT RECOGNIZES A MOVE  
22 PERHAPS TO THE NEXT STAGE OF THE INSTITUTION'S  
23 DEVELOPMENT, THAT YOU ARE NOW -- THIS WILL HELP MAKE  
24 THE ROUTINE THINGS ROUTINE. AND I THINK KEY TO THAT IS  
25 MAKING IT CRYSTAL CLEAR THE POWERS THAT THE CHIEF

1 EXECUTIVE HAS. AND I THINK THAT IT IS A VERY GRACIOUS  
2 ACKNOWLEDGEMENT OF A CHANGE IN ROLES ON THE PART OF THE  
3 CHAIRMAN, THE WAY HE HAS APPROACHED THAT. AND I THINK  
4 THIS IS A VERY POSITIVE THING GOING FORWARD FOR ALL OF  
5 CIRM. SO I COMMEND THE PEOPLE WHO DREW IT UP AND ALSO  
6 ALL OF THE OFFICERS WHO SAT DOWN AND PROBABLY, AS WE  
7 SAY IN DIPLOMATIC TERMS, HAD FULL, FAIR, FRANK,  
8 EXCHANGES OF VIEWS IN A MUTUALLY PRODUCTIVE ATMOSPHERE.

9 MS. LANSING: THANK YOU, JOHN. AGAIN, I  
10 SPEAK FOR ALL OF US ON THE GOVERNANCE COMMITTEE AND ALL  
11 OF US ON THE BOARD IN SAYING THAT WE ARE VERY, VERY  
12 GRATEFUL TO THE ENTIRE CIRM STAFF, TO OUR CHAIRMAN IN  
13 PARTICULAR, OUR PRESIDENT IN PARTICULAR, AND OBVIOUSLY  
14 OUR VICE CHAIRMAN. AND EVERY SINGLE PERSON, I CAN NAME  
15 YOU ALL, ARLENE, I'LL JUST GO DOWN, OF WHICH WE ARE SO  
16 GRATEFUL. AND OUR INTENT IN THIS DOCUMENT WAS SIMPLY  
17 TO CLARIFY THINGS SO THAT THERE WOULD BE NO CONFUSION.  
18 AND I THINK THIS WAS SOMETHING THAT WAS UNANIMOUS.  
19 AND, AGAIN, WE CAN ALWAYS RELOOK AT ANYTHING.

20 SO WITH THAT SAID, IS THERE MORE PUBLIC  
21 COMMENT? CAN I HAVE -- DO I NEED A ROLL CALL VOTE?  
22 ALL IN FAVOR. ANY OPPOSED? MOTION PASSES.

23 CHAIRMAN KLEIN: THANK YOU. SO IT IS WITH  
24 THAT ITEM THAT WE END A HISTORIC DAY FOR A STATE AGENCY  
25 THAT BEGAN EFFECTIVELY WITH THE STAFF ONLY IN JANUARY

1 OF 2005. SO IN A LITTLE MORE THAN 25 MONTHS THIS  
2 AGENCY HAS BEEN CREATED, HAS CREATED THE GOLD STANDARD  
3 FOR MEDICAL AND ETHICAL STANDARDS, HAS CREATED AN  
4 OUTSTANDING PEER REVIEW PROCESS, AND HAS FUNDED HERE  
5 THE GREATEST TOTAL DOLLAR COMMITMENT FOR EMBRYONIC STEM  
6 CELL RESEARCH IN THE WORLD.

7 IT IS WITH GREAT ADMIRATION FOR THE SACRIFICE  
8 AND COMMITMENT OF THIS BOARD, WITH THE SACRIFICE AND  
9 COMMITMENT OF THE STAFF, AND FOR THE SACRIFICE AND  
10 COMMITMENT OF THE PUBLIC AND THE DEDICATED PRESS THAT  
11 WE WILL GO FORWARD. LET US REMEMBER THAT FOR THOSE  
12 SUFFERING WITH CHRONIC DISEASE, THE QUESTION THEY WILL  
13 WANT US TO ASK IS THAT WHEN WE LOOK BACK AT THIS DAY,  
14 CAN WE SAY ON THE DAY THAT WE DIE THAT WE DID  
15 EVERYTHING POSSIBLE TO LESSEN THE SUFFERING OF THE  
16 PEOPLE OF THE WORLD? THANK YOU.

17 (APPLAUSE.)

18 (THE MEETING WAS THEN CONCLUDED AT 1:54  
19 P.M.)

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

CEDARS-SINAI MEDICAL CENTER  
HARVEY MORSE CONFERENCE CENTER  
8700 BEVERLY BOULVDARD  
WEST HOLLYWOOD, CALIFORNIA  
ON  
MARCH 16, 2007

WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

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